

AUGUST 1989

\$2.50

Cut Costs With
Voice Mail

Keeping Control Of
A Growing Company

Skilled Immigrants:
Don't Fence Them Out

Nation's Business[®]

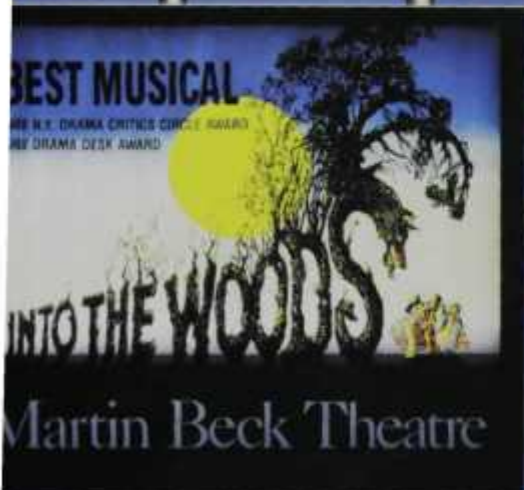
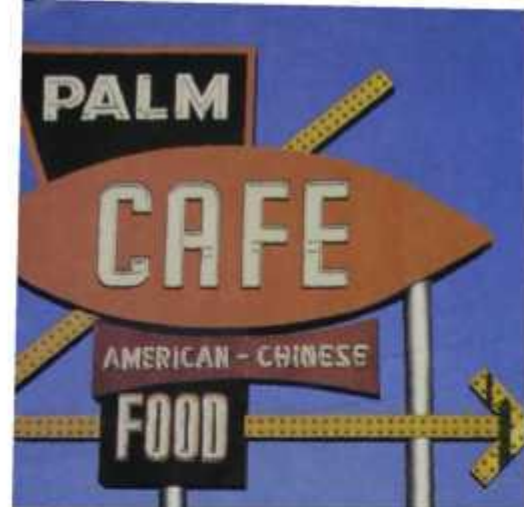
Our Crumbling Infrastructure

*Continued neglect
of roads, bridges,
and other vital public
works will endanger
economic growth.*

02985



0 71486 02685 3



Since you never know where business may take you, there's only one card to take.

It's not always the Ritz when you travel on business. Then again, sometimes it is.

You might, for example, entertain a client at Jacques' one night. And at Jack's Diner the next. So your business card should be able to cover all the tracks that you do.

The Visa® Business Card can do that.

It's welcome in over six million places around the world—nearly three times more than American Express.

A good thing, since you don't always dine in places that put lemon slices in the drinking water.

And we offer cash advances at over

280,000 locations around the world—that's ten times more than American Express does. Which can make a foreign place seem a lot less foreign.

The Visa Business Card program also includes flexible MIS reports and customized monthly statements.

And the option of revolving credit—a very useful business tool and something not everybody offers.

To find out more, call (800) 453-6200.

Because your business card should do business wherever you do yours.

It's everywhere you want to be.®



© Visa U.S.A. Inc. 1989

TECHNICAL COMPETENCE

**Dale Carnegie® Bridges The Gap Between
Technical Competence And People Competence**

People Competence

Technical Competence

The accountant who can balance anything. The mechanic who always gets the car running. The check-out cashier who is never short or over. Important job skills? A resounding YES! The Whole Job? NO!

People Competence

The accountant must also tell the client why he didn't get a refund this year. The mechanic has to explain why it costs \$785 to get the car out of the shop. The cashier needs to smile and be friendly no matter how long the lines. How important are people skills like these to your success? They are essential! Technical competence is only part of the equation. The rest is being able to interact successfully with others.

Bridging The Gap

Dale Carnegie Training® puts its total emphasis on helping people learn the skills they need to have better human relations. In Dale Carnegie you learn how to:

- Get your ideas across better.
- Motivate others and get better cooperation.
- Listen and understand different points of view.
- Have a common-sense approach to people, and
- Deal effectively with people with whom there is friction.

Our Credentials

For over 75 years, Dale Carnegie has been helping technically competent people to work better with others. Today, we train in over 400 of the Fortune 500 companies, and over 150,000 people participated in our training programs last year. To receive our free, quick-reading booklet on how we can help you or your organization, call or write today.

**We
Deliver
Leadership
Training
Worldwide**



Dale Carnegie & Associates, Inc.

6000 Dale Carnegie Drive (Pvt.), Suite 1289N Houston, Texas 77036
Toll-free 800/231-5800

Accredited by the Accrediting Council for Continuing Education & Training, Inc.

Nation's Business®

Published by
the U.S. Chamber of Commerce
Washington, D.C.

MANAGING YOUR BUSINESS



PHOTO: © BOB MAHONEY—PICTURE GROUP

16 Cover Story: Our Infrastructure

The crumbling of overburdened highways, bridges, water systems, and other vital public works that support

the economy looms as a most serious and costly national problem. Restoring this infrastructure will require that business become involved.

25 Tuition Payments Cut Turnover

Paying college tuition for part-time workers who stay on the job cut turnover at a Detroit Burger King.

40 Family Business

A roundup of author's reflections on her mother's courage, tips for fostering a mother's roles in a family firm, and the hazards of family-business secrets.

46 Putting Your Best Face Forward

Lillian Brown, TV makeup artist for presidents past, has written a book of pointers for business people who want to look—and speak—their best.

48 Opening Doors For Immigrants

Immigration quotas hamper American firms needing skilled workers from abroad, and business is urging Congress to ease restrictions.

Cover Design: Hans A. Baum and Thomas E. Snoreck
Cover Illustration: Jerry Oadds-Eucalyptus Tree Studio

Nation's Business (ISSN 0028-047X) is published monthly at 1615 H Street, N.W., Washington, D.C. 20002. Tel. (202) 463-5855 (editorial). Advertising sales headquarters: 711 Third Ave., New York, N.Y. 10017. Tel. (212) 379-1440. Copyright © 1989 by the United States Chamber of Commerce. All rights reserved. Subscription prices (United States and possessions): one year, \$22; two years, \$35; three years, \$48. In Canada and all other foreign subscriptions, add \$10 per year. In combination with the newspaper The Business Advocate, one year, \$30; two years, \$45; three years, \$65. Printed in U.S.A. Second class postage paid at Washington, D.C., and additional mailing offices. Postmaster: Please send form 3529 to 4940 Nicholson Court, Kensington, Md. 20895. Subscriber Service: 1-800-638-6582 (in Maryland, 1-800-352-1430). Photocopy Permission: Where necessary, permission is granted by the copyright owner for those registered with the Copyright Clearance Center (CCC), 27 Congress St., Salem, Mass. 01970, to photocopy any article herein for a flat fee of \$1.50 per copy of each article. Send payment to the CCC. Copying without express permission of Nation's Business is prohibited. Address requests for bulk reprints to Nation's Business Reprints, 1615 H Street, N.W., Washington, D.C. 20002, or call (202) 463-5877. ISSN 0028-047X/2-90.

DEPARTMENTS



PHOTO: © ROBERT HOLMSTEN

10 Making It: A Grotto To Garlic

Carolyn Tognetti sells garlic by the braid—and in many other forms—at her Gilroy, Calif., store, Garlic World.

4 Letters

6 Small-Business Update

6 Checking On Congress

8 Setting The Pace

9 Entrepreneur's Notebook

With persistence, a business owner pursues something new under the sun.

10 Making It

10 Fixing Homes

12 Milking Goats

13 Marketing Garlic

68 For Your Tax File

69 Personal Management

69 Wrist Reaction

70 Rerouted Refunds

72 Warren T. Brookes

OSHA has made no difference to long-term safety trends in the workplace.

74 Classified Ads

76 Where I Stand

77 Direct Line

79 Congressional Alert

80 Editorials

50 Doing Good, Getting Well

A crisis in Bernard Salick's family became the engine for a company seeking to transform care for cancer patients.

54 Another Medium For The Message

Voice mail, a way to record, store, retrieve, and forward phone messages, improves service and cuts costs.

57 Glasnost By The Book

As Mikhail Gorbachev has eased publishing restrictions in the Soviet Union, sales have increased at a certain bookstore—here in the U.S.

59 Learn Your Firm's Inside Story

Use these methods to keep tabs on how your customers are being treated and how your employees are doing their jobs.

61 Investing In Franchising

The growing interest of investors in franchising offers benefits to both franchisors and franchisees.

66 Battle Over Pension Surpluses

Legislation in Congress to limit employers' ability to recover excess cash in pension funds fuels the debate over whether the money belongs to the owners or the employees.

The Allstate agent who insures homes and autos also insures Holmes' and Otto's.



Insuring a small business? That's simple. Call Allstate. Your agent can recommend the right kind and amount of coverage you need to protect your particular business: your inventory, your building, even your delivery trucks, if you have them. Check the Yellow Pages, then give a local Allstate agent a call. And insure the place where you make a living as easily as you insured the place where you live.

Allstate[®]
BUSINESS INSURANCE

Nation's Business

The United States Chamber of Commerce, publisher of *Nation's Business*, is a federation of businesses, trade associations, local and state chambers, and American chambers of commerce abroad.

CHAIRMAN OF THE BOARD

John L. Cleland

PRESIDENT

Dr. Richard L. Leshor

GROUP VICE PRESIDENT/COMMUNICATIONS

Dr. Carl Grant

VICE PRESIDENT/PUBLISHING

David A. Roe

EDITOR

Robert T. Gray

DEPUTY EDITOR

Ripley Hotch

SPECIAL CORRESPONDENT

Sharon Nelson

SENIOR EDITORS

Joan C. Seabo, Roger Thompson, Albert G. Holzinger,

Terrence F. Shea, Michael Barrier, Donald C. Bacon

ASSOCIATE EDITOR

Janet Lawenstein

CONTRIBUTING EDITORS

Henry Altman, Gerald W. Padwa, Julie Candler,

Harry Baras, Paul N. Strassels, Cynthia M. Stevens

ART DIRECTOR

Hans A. Baum

ASSISTANT ART DIRECTOR

Richard C. Freund

SENIOR ARTISTS

Mary J. Czarnik, Angela Reed Broese,

Thomas E. Snoreck

PHOTO DEPARTMENT

Laurence L. Levin, photo editor

Frances Borchardt, assistant photo editor

T. Michael Keza, chief photographer

PRODUCTION DIRECTOR

Sheila Yoder

PRODUCTION EDITOR

Melinda W. Nahman

ASSISTANT PRODUCTION EDITOR

Jeffrey W. Bartlett

PRODUCTION ADMINISTRATOR

Seretha Armstrong

U.S. ADVERTISING

Robert H. Getshall, marketing director

(312) 354-1180

Pete McCutchen, Eastern advertising director

(212) 370-1440

Kathleen Brown, administrator

ADVERTISING MANAGERS

Atlanta (404) 393-0140

James M. Yandle

Chicago (312) 346-3526

Terry Kay Nance

Dallas (214) 387-0404

Richard Chalkley

Southfield, Mich. (313) 354-1180

Richard Tupous

Michael McNew

Los Angeles (213) 651-1466

Cathy Adler

New York (212) 370-1440

Jeffrey V. Campanino, Arthur V. Irwin Jr.,

Joseph Adduci, Neil Haddon

San Francisco (415) 421-7436

Richard A. Sands

CLASSIFIED ADVERTISING

(202) 463-5640

Jonathan Shiner, manager

INTERNATIONAL MARKETING

(202) 463-5716

El Mutas Sonbol, director

Gabriele Kliska, Peter Dunn, managers

CIRCULATION

Elizabeth A. Allen, director

Lacy Oliver, manager

Liana Glase, circulation coordinator

PROMOTION AND RESEARCH

Janine Grossman, director

Gabrielle Fardwell, promotion coordinator

BUSINESS MANAGER

Leonard L. Rapp

COMMENTARY

Letters

Retiring Income Limits For The Elderly

I read with great interest John L. Ward and Laurel S. Sorenson's article "Retired Dads: A Real Resource" [June]. I commend Maryland-based Textilease Corp. for its foresight in tapping into one of this country's best resources—older Americans.

This particular case involved the patriarch of a family-owned business. The lesson should not be lost on other businesses as well. Older Americans carry with them a lifetime of experiences that younger workers could utilize.

Readers of *Nation's Business* should



PHOTO © STEVE STRICKLAND—WOODFIN CAMP

Older workers' experience can be a resource for younger workers.

be aware of the provision of Social Security known as the earnings limit. For those age 65 to 69, it reduces a Social Security recipient's benefit \$1 for every \$2 of wages above \$8,880. It sends a loud and clear message to our senior citizens to retire. It's no wonder that 83 percent of all men and 92 percent of all women age 65 and over are completely retired.

I have introduced a bill in Congress, H.R. 2460, the Older Americans Freedom to Work Act, that would allow senior citizens who reach normal retirement age to earn as much as they want without losing any of their hard-earned Social Security benefit.

With the labor shortage predicted only to get worse in the 1990s, business leaders should contact their representatives in Congress to urge support for this measure.

*Rep. J. Dennis Hastert (R-Ill.)
U.S. House of Representatives
Washington, D.C.*

More On Section 89

I was happy to read in the May issue

[Letters] that Sen. Robert W. Kasten Jr. is cosponsoring legislation to repeal Section 89 of the federal tax code. I hope he does not have to explain the section first!

*Gersil N. Kay
Philadelphia*

Serving Up Good Information

Your March cover story, "Service = Survival," was right on target and loaded with good, solid information. Too many companies view customer service as a post-sale necessity rather than a pre-sale marketing strategy.

*Gilbert E. Parrish
Tucker, Ga.*

Correction

The article "The Leased Advantages" [May] cited as a source of further information the third edition of *Equipment Leasing—Leveraged Leasing* (Practising Law Institute, New York City) but stated incorrectly that most of it was written by Ian Shrank, who is in the New York City office of the Philadelphia law firm of Morgan, Lewis & Bockius. Shrank and Albert F. Reisman of the New York City law firm of Otterbourg, Steindler, Houston & Rosen supervised preparation of the publication and were among more than 20 specialists in equipment leasing who contributed to the text.

Defending The VAT

I respectfully take issue with the article "Look Before You Leap Into A VAT" [April].

The value-added tax is not the paperwork monster that the article portrays it to be. I ran a European operation for a U.S. company and found the VAT to be considerably less onerous than the article describes it.

The payment of the tax and refund of taxes paid by earlier links in the chain of production are normally netted out each month, and any company today has an accounting system sufficiently automated to handle that with a small addition to its software package.

The article states that the consumer pays the tax and not the business, and therefore it is a hidden tax, unlike a sales tax levied in a separate calculation at the point of sale.

The VAT would better be compared

Should only parents of pupils pay school costs? Those against making recipients finance government benefits raise that question.

to the corporate income tax. Certainly corporations do not pay it. It simply becomes part of the price of the good or service provided by the company. In short, the consumer pays it.

Also, the work involved in filing a corporate income-tax return makes the requirements associated with a VAT look like child's play. In addition, for small businesses, the "cash" business is a ready-made corporate tax-evasion device. With a VAT, one has to record one's sale or pay the VAT on the entire chain of prior taxpayers, which just may eat up one's profit margin.

This all being said, I commend *Nation's Business* for bringing the matter to the forefront. It should be presented by the business community, however, not as an isolated tax or an addition to the present corporate income tax but, rather, as a replacement for the latter. That is a hard sell. I realize, but one



PHOTO: © CARY WOLINSKY-UNIPHOTO

strophic-illness bill. I believe it to be my

out children in school be exempt from paying school taxes.

In fact, he would probably be one of the first to yell if the elderly lobbied to pass such a bill.

I wrote my senators and congressman last year stating that the normal progression of the Medicare catastrophic bill was that the elderly should not pay taxes for the upkeep of schools. After all, we do not have children in the schools, and therefore we do not benefit from schools.

I really do not believe that, but you can see how the results of selfish thinking can lead to such stupid conclusions.

*J. Bernard Kolker
Glencoe, Mo.*

Send letters to Editor, Nation's Business, 1615 H Street, N.W., Washington, D.C. 20062, and include your phone number. Letters addressed to or will be considered for publication unless the writer requests, and they may be edited and d.

50%
SAVINGS

1/2

50%
SAVINGS

Price Voucher

Nation's Business

Use this voucher to get eight issues for only \$9.97.
That's more than 50% off the newsstand cover price.
Send no money now; we'll bill you later.

NAME _____

ADDRESS _____

CITY _____

STATE _____

ZIP _____

50%
SAVINGS

AN

50%
SAVINGS

This rate is limited to the U.S.A. and possessions.
Canada add \$7.00 for extra postage. Please allow 4 to 6 weeks for delivery.

4K2V9



PHOTO: DAVID RYAN

agricultural supports. Only people with school-age children should pay for any educational assistance. And so on.

The cost of all benefits should be directly assessed to the beneficiaries? Come on, Theodore!

*A.J. Stetter
Davenport, Iowa*

As a 68-year-old, self-employed accountant who "earns too much" to be able to collect Social Security benefits but will be penalized by the Medicare cata-

Special Report

More than any other country in the Pacific Rim, Taiwan is trying to attract U.S. exports and U.S. investors. Learn how to take advantage of these opportunities. Turn to page 27.

Nation's Business

The United States Chamber of Commerce, publisher of NATION'S BUSINESS, is a federation of businesses, trade associations, local and state chambers, and American chambers of commerce abroad.

CHAIRMAN OF THE BOARD

John L. Clendenen

PRESIDENT

Dr. Richard L. Lesher

GROUP VICE PRESIDENT/COMMUNICATIONS

Dr. Carl Grant

VICE PRESIDENT/PUBLISHING

David A. Rose

EDITOR

Robert T. Gray

DEPUTY EDITOR

Ripley Hotel

SPECIAL CORRESPONDENT

Sharon Nelson

SENIOR EDITORS

Joan C. Szabo, Roger Thompson, Albert G. Holminger,

Terence F. Shaw, Michael Barrier, Donald C. Bacon

ASSOCIATE EDITOR

Janet Lowenstein

CONTRIBUTING EDITORS

Henry Altman, Gerald W. Padwe, Julie Candler,

Harry Bacon, Paul N. Strassels, Cynthia M. Stevens

ART DIRECTOR

Hans A. Baum

ASSISTANT ART DIRECTOR

Richard C. Freund

SENIOR ARTISTS

Mary L. Caarvik, Angela Reed Brown,

Thomas E. Sorensen

PHOTO DEPARTMENT

Laurence L. Levin, photo editor

Frances Borchardt, assistant photo editor

T. Michael Keza, chief photographer

PRODUCTION DIRECTOR

Sheila Yoder

PRODUCTION EDITOR

Melinda W. Nahmias

ASSISTANT PRODUCTION EDITOR

Jeffrey W. Bartlett

PRODUCTION ADMINISTRATOR

Reetha Armstrong

U.S. ADVERTISING

Robert H. Gutschall, marketing director

(313) 354-1180

Pete McCutchen, Eastern advertising direct

(212) 370-1440

Kathleen Brown, administrator

ADVERTISING MANAGERS

Atlanta (404) 393-0140

James M. Yandle

Chicago (312) 346-3536

Terry Kay Nance

Dallas (214) 397-0404

Richard Chalkley

Southfield, Mich. (313) 354-1180

Richard Topous

Michael McNew

Los Angeles (213) 651-1466

Cathy Adler

New York (212) 370-1440

Jerry V. Camporine, Arthur V. Irwin Jr.,

Joseph Adfuri, Neil Hanlon

San Francisco (415) 421-7430

Richard A. Sands

CLASSIFIED ADVERTISING

(202) 463-5648

Jonathan Shomer, manager

INTERNATIONAL MARKETING

(202) 463-5710

El Motas Souhel, director

Gabriele Khika, Peter Dunn, managers

CIRCULATION

Elizabeth A. Allen, director

Lacy Oliver, manager

Liana Glasco, circulation coordinator

PROMOTION AND RESEARCH

Janine Grossman, director

Gabrielle Faribwell, promotion coordinator

BUSINESS MANAGER

Leonard L. Ripps

COMMENTARY

Letters

Retiring Income Limits For The Elderly

I read with great interest John L. Ward and Laurel S. Sorenson's article "Retired Dads: A Real Resource" [June]. I commend Maryland-based Textilease Corp. for its foresight in tapping into one of this country's best resources—older Americans.

This particular case involved the patriarch of a family-owned business. The lesson should not be lost on other businesses as well. Older Americans carry with them a lifetime of experiences that younger workers could utilize.

Readers of *Nation's Business* should

[Letters] that Sen. Robert W. Kasten Jr. is cosponsoring legislation to repeal Section 89 of the federal tax code. I hope he does not have to explain the section first!

Gersil N. Kay
Philadelphia

Serving Up Good Information

Your March cover story, "Service = Survival," was right on target and loaded with good, solid information. Too many companies view customer service as a post-sale necessity rather than a pre-sale marketing strategy.

Gilbert E. Parrish
Tucker, Ga.

Correction

The article "The Leased Advantages" [May] cited as a



NO POSTAGE
NECESSARY
IF MAILED
IN THE
UNITED STATES

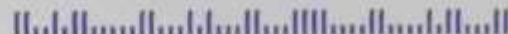
Business Reply Mail

FIRST CLASS PERMIT NO. 1267 BOULDER, CO

POSTAGE WILL BE PAID BY ADDRESSEE

Nation's Business

P.O. Box 51062
Boulder, CO 80321-1062



With the labor shortage predicted only to get worse in the 1990s, business leaders should contact their representatives in Congress to urge support for this measure.

Rep. J. Dennis Hastert (R-Ill.)
U.S. House of Representatives
Washington, D.C.

More On Section 89

I was happy to read in the May issue

the payment of the 1989 Section 89 taxes paid by earlier links in the chain of production are normally netted out each month, and any company today has an accounting system sufficiently automated to handle that with a small addition to its software package.

The article states that the consumer pays the tax and not the business, and therefore it is a hidden tax, unlike a sales tax levied in a separate calculation at the point of sale.

The VAT would better be compared

Should only parents of pupils pay school costs? Those against making recipients finance government benefits raise that question.

to the corporate income tax. Certainly corporations do not pay it. It simply becomes part of the price of the good or service provided by the company. In short, the consumer pays it.

Also, the work involved in filing a corporate income-tax return makes the requirements associated with a VAT look like child's play. In addition, for small businesses, the "cash" business is a ready-made corporate tax-evasion device. With a VAT, one has to record one's sale or pay the VAT on the entire chain of prior taxpayers, which just may eat up one's profit margin.

This all being said, I commend *Nation's Business* for bringing the matter to the forefront. It should be presented by the business community, however, not as an isolated tax or an addition to the present corporate income tax but, rather, as a replacement for the latter. That is a hard sell, I realize, but one that should be pursued.

Garwood I. Platt
North Andover, Mass.

Putting The Tax Where The Benefit Is

[Editor's Note: An editorial in the March issue noted that Congress had claimed political credit for legislation helping the elderly pay catastrophic medical-care costs but had minimized the higher taxes those same elderly citizens would pay to finance the benefits. Reader Theodore F. Frankenhach of Westfield, N.J., said in this column in June that assessing the cost of benefits to beneficiaries was desirable. These letters continue the debate.]

I agree with Theodore F. Frankenhach in disagreeing with your editorial. But let's not stop with catastrophic-illness coverage.

Only people with young children should pay for child-care support when that becomes available. Only farmers should pay for crop subsidies or other agricultural supports. Only people with school-age children should pay for any educational assistance. And so on.

The cost of all benefits should be directly assessed to the beneficiaries? Come on, Theodore!

A.J. Stetter
Davenport, Iowa

As a 68-year-old, self-employed accountant who "earns too much" to be able to collect Social Security benefits but will be penalized by the Medicare cata-



PHOTO © CARY WOLINSKY-UNIPHOTO

strophic-illness bill, I believe it to be my duty to answer Frankenhach's letter.

If he has children in school, I would bet that he has not appeared before his city council requesting that those with-

out children in school be exempt from paying school taxes.

In fact, he would probably be one of the first to yell if the elderly lobbied to pass such a bill.

I wrote my senators and congressman last year stating that the normal progression of the Medicare catastrophic bill was that the elderly should not pay taxes for the upkeep of schools. After all, we do not have children in the schools, and therefore we do not benefit from schools.

I really do not believe that, but you can see how the results of selfish thinking can lead to such stupid conclusions.

J. Bernard Kolker
Glencoe, Mo.

Send letters to Editor, *Nation's Business*, 1615 H Street, N.W., Washington, D.C. 20062, and include your phone number. Letters addressed to the Editor will be considered for publication unless the writer requests otherwise, and they may be edited and condensed.

TAIWAN



PHOTO: DAVID RYAN

Special Report

More than any other country in the Pacific Rim, Taiwan is trying to attract U.S. exports and U.S. investors. Learn how to take advantage of these opportunities. Turn to page 27.

Small-Business Update

By Donald C. Bacon

A Status Report On Congress

The 101st Congress, slowed by internal squabbling and a lack of consensus on major issues, has entered the last half of its 1989 session with decisions still to be made on bills of vital concern to the small-business community.

While much of the legislation troublesome to smaller firms has strong support among the Democratic majorities in the two houses of Congress, business is looking to President Bush to use his veto power as the ultimate weapon.

The U. S. Chamber of Commerce is the lead organization in the business strategy to bring enough grass-roots pressure on Congress to defeat a wide range of measures that would substantially increase cost and regulatory burdens on the overwhelming majority of companies.

Phase 2 of that strategy is a presidential veto of unacceptable measures. The majority blocs on Capitol Hill do not command the two-thirds support needed to override a presidential veto.

Here is a status report on several of those proposals:

Mandated Health Care. Small business is adamantly opposed to legislation sponsored by Sen. Edward M. Kennedy, D-Mass., that would require employer-paid health insurance for all workers. Congress remains deeply divided over the proposal, which opponents argue would impose on many small firms heavier costs than they could absorb. Observers believe Kennedy will not press for a vote on his bill until at least next year.

Minimum Wage. Congressional Democrats lost the first round when they failed to override President Bush's veto of their bill to raise the \$3.35-an-hour basic wage to \$4.55. Bush vows to fight any bill that exceeds \$4.25 an hour and lacks a provision for a six-month sub-minimum wage for new hires. Business, armed with studies showing that a boost would destroy many marginal jobs, opposes any increase.

Neither side shows signs of giving in. The second round of what could become a lengthy test of wills opened in mid-



PHOTO: © BRAD MARKEL—GAMMA LIAISON

President Bush's veto power could be the last defense against many anti-business proposals that Congress is being urged to adopt.

June when the Democrats reintroduced the proposal that Bush had vetoed only hours before. The best outcome for business would be a continuing stand-off.

Child Care. The Senate has approved a child-care bill that goes well beyond the limited federal program that the president supports. Business favors incentives for employers to establish affordable, voluntary day-care programs. It opposes federal subsidies and regulation. The House will take up its own version of the bill later this summer. Assuming a House bill passes, hard negotiations are likely between the House and Senate and then between Congress and the White House to avoid a veto by President Bush, who supports legislation along the lines favored by business.

Section 89. The push to simplify Section 89 continues to inch forward in Congress, but business remains committed to outright repeal. The Senate-approved child-care bill included provisions to overhaul Section 89, which sets up massively complex rules designed to prevent discrimination in employee

benefits. The Senate bill would postpone enforcement from Oct. 1 to next January and exempt firms with fewer than 20 employees from compliance until 1991. As noted above, the child-care bill has a long way to go, and the future of the Section 89 provision is uncertain. Meanwhile, the House is not expected to act on its Section 89 reform bill until early fall.

Mandated Parental Leave. Bills requiring employers to grant extended unpaid leave to employees for the birth, adoption, or illness of a child or illness of a parent are moving rapidly toward showdown votes in both houses. Although the Democratic-controlled Congress has put parental leave on a fast track, opponents say they detect growing concern among the lawmakers over the measure's potentially adverse impact on business, particularly small business. With many members still undecided, passage of a parental-leave bill this year is by no means certain.

Family Business. Although no action is scheduled, supporters say they hope that the House Ways and Means Committee this year will take up their bill to repeal a recent tax-code change that can make it difficult to pass a family business from one generation to the next without incurring heavy tax liabilities. A spokesman for Rep. Bill Archer, R-Texas, the bill's chief House sponsor,

WHEN YOU OPERATE OUR HEAVY TRUCKS, YOU PLEASE EVERYONE WHO SITS IN THE DRIVER'S SEAT.

How you view the subject of heavy trucks depends on where you sit.

Behind the wheel, you look for comfort, ride and handling. But if you're positioned in the driver's seat of the company, your priorities also include wise capital outlay, cost of operation and return on investment.

We design and build WHITEGMC™ trucks accordingly, recognizing

that every heavy truck is an investment, not an expense. And that price must be justified – justified when it's purchased, while it's being driven and later on when it's sold.

So talk to us first about your next truck purchase. We have more ways to please everyone in your operation. No matter where they sit.

For more information, write Volvo GM Heavy Truck Corporation, Post Office Box 26115, Greensboro, NC 27402-6115, or call 1-800-444-RSVP for the name of your nearest WHITEGMC dealer.



WHITEGMC



The most exclusive heavy trucks on the road today.

Circle No. 55 on Reader Service Card.

SMALL-BUSINESS UPDATE

says support for the measure "is growing every day."

Savings Promised Under New Check-Verification Service

The developers of a new type of electronic check-verification service are promising merchants that it will mean fewer bad-check write-offs, lower costs for handling and collecting bad checks, and improved point-of-sale convenience.

Sears Payment Systems Inc., which introduced the service, says clients will receive access to a shared check-authorization network database that is updated daily with bad-check information from two-thirds of the country's largest department stores as well as many discount stores, specialty retailers, and supermarket chains. The network includes information contributed by Sears stores nationwide.

"This shared information file is more comprehensive, timely, and cost-effective than traditional guarantee services," said Larry Myatt, vice president of marketing and product development of Sears Payment Systems. Instead of paying a percentage of the face value of each check guaranteed, as in the past, Myatt added, merchants using the Sears system will be charged a "low, fixed" transaction fee.

Sears Payment Systems is a member of the Dean Witter Financial Services Group, a wholly owned subsidiary of Sears, Roebuck and Co.

Small Businesses Continue To Set The Pace In New Jobs

Small businesses will continue to be the driving force behind job growth in the United States, adding some 1.5 million workers to the nation's payrolls in 1989, according to the Dun & Bradstreet Corp.'s annual survey of employment expectations.

Overall, firms with fewer than 100 employees will account for 56.6 percent of the total 2.6 million new jobs expected throughout the private and public sectors this year, the survey found. It said firms with fewer than 20 employees plan to add 819,000 new workers, or 31.9 percent of the nation's total employment increase. Last year, the economy created some 3.6 million jobs.

Said Joseph W. Duncan, corporate economist and chief statistician for the New York-based business-information company: "Despite the expected slowdown in job creation this year, the forecast of 2.6 million new jobs in 1989 is



A new publication of the Small Business Administration has useful information for contractors who do business with the federal government. *The Federal Prompt Payment Act Amendments of 1988—What They Mean for Small Business* explains substantial legal changes that took effect last April and are supposed to force federal agencies to pay their bills faster

remarkably strong, especially in view of the substantial growth in new jobs already achieved during the current economic expansion."

The Dun & Bradstreet survey is based on a sample of 5,000 U.S. firms.

New Law Puts Time Limit On Cashing Government Checks

Starting Oct. 1, U.S. Treasury checks not cleared within one year of issuance will be invalidated automatically. They are now good indefinitely.

The Treasury announced that, under the new law, it will not cash checks that appear to have been negotiated after the one-year period. The last endorser of such a check, which could be a financial institution or a business, would be out the money. The Treasury said it will not begin voiding checks until the end of September 1990—a year after the new law goes into effect. A recipient of a government check who fails to cash it within the time limit may apply for a replacement by contacting the federal agency that issued the original check.

Proposed Law Labeled Damaging To Service-Based Retailers

Small, service-oriented retailers that compete with discounters could be swept up in an explosion of litigation if Congress enacts a certain consumer bill that is currently making its way through the legislative process.

That concern was voiced by a witness representing the U.S. Chamber of Commerce at a Senate Judiciary Committee

hearing on the bill. The committee is considering the proposed Consumer Protection Against Price-Fixing Act of 1989, which would force manufacturers to supply their products to stores even if the stores do not meet the manufacturers' requirements for providing information and services to customers.

than they sometimes have in the past. You may obtain a free copy by calling the SBA's Office of Advocacy at (202) 634-7600.

If you're looking for a way to broaden the distribution of your next market-research study, you might consider putting it on videotape. A New Jersey firm will take your report and transform it into an audio/visual summary that combines live images with computer graphics and narration. New desktop video technology has brought down the cost to about \$500 a minute, well below previous prices for this service. For information, write to Visual Research Communications Inc., 441 Main St., Metuchen, N.J. 08840.

hearing on the bill. The committee is considering the proposed Consumer Protection Against Price-Fixing Act of 1989, which would force manufacturers to supply their products to stores even if the stores do not meet the manufacturers' requirements for providing information and services to customers.

The measure, sponsored by Sen. Howard Metzenbaum, D-Ohio, "is clearly designed to favor discount retailing over service-based retailing, a choice that we believe should be made by consumers rather than Congress," said Bert W. Rein, a Washington attorney and chairman of the Chamber's Council on Antitrust Policy.

Under the bill, an antitrust violation could be declared if a manufacturer refused to supply a discount dealer following complaints that the discounter's pricing pressures kept a competing dealer from meeting service obligations. "Because a great many such complaints will undoubtedly flow from small servicing dealers, the litigation explosion likely to be fostered by [the proposed legislation] will have small businesses as a principal target," Rein told the committee.

The committee expects to vote soon on sending the bill to the full Senate. Meanwhile, the House Judiciary Committee already has approved a similar measure, sponsored by Rep. Jack Brooks, D-Texas. "This proposal is moving, and there's real concern in the business community that it could pass," said Jeffrey L. Perlman, director of the Chamber's section for legal and regulatory affairs. ■

Brand Central™

THE BRANDS YOU WANT
AT THE STORE YOU TRUST™

 SEARS

Take It Anywhere!

TRANSMOBILE CELLULAR PHONE

9 - number memory
Convenient carrying case
Lighted key pad
Last - number redial

299⁹⁹

Every Single Day!

\$11 PER MONTH* ON SEARSCHARGE

Battery not included

34602 (Mfr. #305-9X)



Authorized retailer for
Bell Atlantic
Mobile Systems

• Extraordinary Coverage • Quality Service
• Superior Network • Affordable Pricing

**FREE
INSTALLATION!
With Glass-
Mount Antenna!†**

**"HANDS-FREE"
CELLULAR
MOBILE PHONE**

Every
Single
Day! **499⁹⁹**

34615 (Mfr. #AS-625)

† Free with purchase. See store for details.



We Do It All For You

Cellular phone shopping couldn't be easier!

ALL THE BEST NAMES

In cellular phones: Motorola,
Novatel, Mitsubishi, G.E.

COMPLETE PACKAGE

All-in-one: phone, programming,
air-time set-up included

GREAT ASSORTMENT

We sell cellular phones
for every need

FACTORY AUTHORIZED SERVICE AND INSTALLATION

YOU CAN BUY TODAY

On SearsCharge and make
NO PAYMENTS UNTIL NEXT YEAR!*

* No monthly payment until January 1990 on
Sears Deferred Credit Plan. There will be a
finance charge for the deferral period.

▲ Your actual monthly payment can vary
depending on your account balance.

Activation and minimum service required

FREE PREMIUM EMERGENCY ROAD KIT!**

Stay in touch and stay safe with
Sears and Bell Atlantic Mobile Systems!

From August 1, 1989 to September 30, 1989 when
you purchase any cellular phone with activation of
Bell Atlantic Mobile service you get an emergency
road kit free!** Just clip this coupon and bring it in
to your nearest Sears store.

\$30-value kit includes jumper cables,
flares, tire inflator/sealer and much more!

**Qualified customers will receive
emergency road kit by mail upon
activation of Bell Atlantic Mobile
service. Limited offer. See store for
complete details.

\$30 VALUE

**“The Japanese are
and I love it.”**



Edgar Otto
President
Therma-Systems Corp.

eating my lunch,

**Our new thermal trays are hot stuff in Japan.
But we couldn't have done it
without help from United Jersey.**

Our product was perfect for the institutional feeding market in Japan.

But we had to redesign and retool our tray forming to meet their specifications—different shapes and sizes for their special foods.

It's anything but easy to crack a market like Japan. We needed a bank with faith in our ability to do it.

United Jersey was that bank. They got us funding through several Economic Development Authority (EDA) bonds for expanding our South Plainfield plant. A revolving line of credit for general operating purposes. And letters of credit and wire transfers to Japan, to keep things moving.

United Jersey's been a long-term partner for 17 years. They had confidence in our ability to do what few companies have been able to do: Get the Japanese to eat out of our hands.

If you'd like some help in entering a new market, call Jim Holzinger at (609) 987-3485.

Fast changing times demand a fast-moving bank.

 **United Jersey**
The fast-moving bank®

Drexel University

PHILADELPHIA PENNSYLVANIA



"Cooperative education is one reason why Drexel University is a great place to learn. Through co-op, my students work full-time in jobs directly related to their studies. They graduate with up to 18 months of professional experience, giving them impressive résumés and a distinct advantage in the job market. Co-op really gives them a head start on their careers."

Dr. Wayne Wormley
Assistant Professor
Management and Organizational Sciences

Drexel University offers nearly 50 majors—all with the added advantage of cooperative education. To learn more, use this coupon, or call 215-895-2400.

Check one: ☐ Freshman admission ☐ Transfer admission (the fall term begins September 18)

Please also check your general area(s) of interest:

- ☐ Business ☐ Design Arts ☐ Engineering
☐ Humanities and Social Sciences
☐ Information Studies ☐ Science

PHC/BA

Name _____

Address _____

City _____ State _____ Zip _____

Office of Undergraduate Admissions (Box 488), Drexel University, Philadelphia, PA 19104

Something New Under The Sun

By Ed Wilkes

If you ask a hundred business owners what they think is most important in successfully starting a company, you may get a hundred different answers. But to me, there is only one: persistence.

I have a new enterprise with a new product—signs lighted with solar power. My signs can be seen after dark in places where you wouldn't expect to see them, such as building sites and vacant lots, giving them special advertising value for many types of businesses. At the moment, my primary focus is on real-estate agents.

To get going, I had to find funds, settle design questions, choose marketing methods, locate suppliers. The way I dealt with those problems was to persevere. I would try one thing, and if it didn't work, I'd try another.

I planned to borrow money from a bank to build prototypes, go out and get orders, and then hit the bank for more funds so I could go into production. Well, that didn't work. I am in Norman, Okla., not far from Oklahoma City, and banks around here don't do much lending these days. They have been scared to death since the oil business went from boom to bust a few years ago.

So I wound up financing my business myself, essentially. In addition to sweat equity, I have about \$70,000 in it. I earned the money in a dealership for solar-powered home-heating and water-heating systems. I had begun running the dealership nine years ago, after buying a system for my home from the manufacturer, a subsidiary of Grumman Corp.

You might have thought me unlikely to run a business. Since college, I had been doing social work—I was a juvenile-parole officer. But I saw social benefits in the use of solar energy, and I had a family background in business. My granddad started a business, making preserves and jellies, and my dad and uncles worked in it.

The heating and hot-water-system dealership, which I expanded to cover other solar-powered products, including patio lights, is supporting my family while my sign company develops.

Fortunately, some big systems I had installed were paid for in lump sums, and I was able to come up with chunks of cash. Also, two of my customers—both are on the faculty of the University of Oklahoma, here in Norman—wanted to invest in my sign effort. Each put in \$10,000.

My failure to borrow from a bank—or to get a heavy dose

of capital from a principal investor—turned out to be a blessing in disguise. If I had gotten the money, I would have had to be making paybacks long ago. And I couldn't, because of delays required by changes in strategy.

It took months to develop a satisfactory sign. I would try something, and try again if it didn't work. Persistence.

Originally, I had planned a sign with a light that would shine down on the surface. I started from zero; I had no engineering background, and I did the work myself. I found, however, that an internal light made a sign look brighter and more attractive. So I changed the design.

The sign I developed operates with what is, in a sense, a little transmitter, powered by a portable generating plant. The transmitter can function in a yard, a vacant lot, even the middle of a lake.

The sign has a photovoltaic panel, better known as a solar panel, which captures sunlight that charges a battery inside the sign. The battery powers the fluorescent tube that illuminates the sign's message from behind. The battery is charged by the sun much as a car's battery is charged when the engine is running. The sign's battery can retain enough energy to light the sign even through long cloudy stretches in almost all parts of the country.

The sign's message can be changed easily because it is on a sheet of plastic that slides in and out of a frame like a removable storm window. If the message needs no change, however, the sign needs no service for years.

Since my capital was limited, I decided that my products would be handled by dealers rather than by outlets that I would have to open myself.

Production? I had planned to have 20 or 30 employees making signs in the warehouse where I have my heating and hot-water-system business. Eventually I realized that it didn't make much sense, because economies of scale and the cost benefits of using existing capacity lay elsewhere.

I wasn't taken seriously enough at one large company, but another, Macklanburg-Duncan, in Oklahoma City, had had good experiences in making materials for small start-up enterprises. It accepted a \$3,000 order for sign dies and a \$500 order for 10 signs. (That was in 1987. This year I hope to give Macklanburg at least \$200,000 in business.)

A small Arizona company agreed to produce photovoltaic panels in the tiny quantities I initially needed.

I am even having my billing done by another company. I pay 50 cents a month per account. I couldn't come close to that price if I were to do my own billing.

My business has a long way to go. The first dealerships are just getting under way. But with little money or experience, I have come a long way, too. Thanks to persistence. ■



PHOTO: JOHN JETTERMAN

You might have thought me unlikely to run a business. Since college, I had been doing social work.

Ed Wilkes, 44, is president of Sunsign Manufacturing Co., in Norman, Okla.

Readers are invited to contribute to Entrepreneur's Notebook. Write to: Editor, Nation's Business, 1615 H Street, N.W., Washington, D.C. 20062.

Making It

Three ways to grow a business: make home repair easy, milk a goat, or create a shrine for garlic lovers.

Repairing A Home-Repair Firm

Jacob W. "Jake" Slagle never really considered himself a businessman. After studying sociology at the University of Maryland, he imagined himself more an observer of the human condition.

And for years that's what he was: During the day he would mark time at the sluggish home-repair business left to him by his father and uncle, and nights and weekends he would write for community newspapers.

"I thought I was a local Studs Terkel," says Slagle, 44. "I could report my observations to the world. Or at least to Baltimore."

Slagle & Slagle languished until 1983. Then, Slagle says, someone who appreciated Slagle & Slagle's potential tried to take the company away from him under the guise of investing in the business. "It really scared me," says Slagle today. "Just the thought of losing the family business was really embarrassing."

Slagle realized that instead of studying the human condition, he had to size up his own condition, and fast. First, he hired a professor of finance at nearby Loyola College to come up with a business plan. Then he set out to consume everything on success and motivation he could find. "Books. Tapes. Magazine articles. I stopped reading fiction or going to the movies for a year. All I did was think 'success.'"

Slagle's business offered a mind-boggling conglomeration of repair and maintenance services to homeowners. It would field calls for such service and then refer the jobs to individual workers—-independent contractors, not employees of Slagle & Slagle.

The market is full of such home-repair referral services, but Slagle & Slagle has set itself apart by paying the individual craftsman or contractor directly for the work. Slagle & Slagle bills the homeowner for the craftsman's services, adding a fee for arranging and guaranteeing the work.

Individual craftsmen who work through Slagle keep their rates relatively low, since he provides marketing



PHOTO © MANUELLO FRILANELLO—WOODFIN CAMP

When any of its 3,200 clients call for help, Jake Slagle's Baltimore firm can summon specialists in any of 80 kinds of home repairs.

support and underwrites their charges. The workers, all licensed and bonded, have an extra incentive to provide reliable service to the homeowner because of Slagle's reputation for immediate payment and regular referrals.

Slagle's new business plan, which included year-end and five-year goals, emphasized packaging and marketing. Slagle figured his multitude of services made him a city-wide handyman. The services he offered were "the types of things the old neighborhood handyman used to do before 'progress' made him obsolete," says Slagle. "We had become that workman in the eyes of our clients."

Slagle hired an artist to redo his brochure and newsletter—crucial links to his existing customer base. Next came a press kit and low-key advertisements targeting the upscale clientele his business depended upon. "These are people willing to pay a premium for quality work," he says. To utilize the services of Slagle & Slagle, a homeowner must first purchase a membership in the company's client base.

Slagle, who admits he is somewhat of a loner, joined civic clubs to interact with business people, and he started networking with others in the home-improvement and home-repair business.

Next, Slagle initiated a follow-up system to more closely scrutinize work he had referred, and he changed his oral agreement with contractors to a written one. He raised the fees he charged, and he increased the price of homeowner memberships from \$15 to \$25. Hand

Amerisure service begins with service-minded people.

And that's one of Glenn Farley's top priorities. A claims examiner at Amerisure's headquarters, Farley is a member of the recruiting team that interviews college degree candidates about challenging Amerisure management careers. We're an equal opportunity employer looking for qualified people committed to serving our clients.

Glenn is just one of many Amerisure people behind the independent agents who represent our companies. He's helping us to give responsive service today and in the years ahead.

We're dedicated to providing the best car, business, home and life insurance that money can buy. **And we're proud of people like Glenn Farley who are working to keep the "sure" in Amerisure.**

Amerisure[®]
Companies

Michigan Mutual Insurance Co.
Amerisure, Inc.
Amerisure Insurance Co.
Amerisure Life Insurance Co.
Amerisure Re (Bermuda) Ltd.

Home Office: Detroit, Michigan 48226
Regional Offices: Charlotte, Dallas, Detroit,
Indianapolis, New York, St. Louis, St. Petersburg



Circle No. 60 on Reader Service Card.



Making It

Repairing A Home-Repair Firm

billing was replaced by a new in-house computerized system.

Finally, Slagle looked hard at his incoming customer calls and realized that small jobs often went undone, since few workers wanted to handle referrals that involved less than half a day of work. And although the smaller jobs paid poorly, they certainly could make customers a lot happier—thereby generating word-of-mouth and repeat business for larger jobs. Slagle hired a four-man field staff to do the little things others wouldn't: replacing a pane of glass, say, or painting a piece of molding, or cleaning a gutter. "The goodwill value was terrific," he says.

Since Slagle began concentrating on the personal aspect of the service in 1983, business has boomed. In 1989, the company expects to post nearly \$3 million in billings.

The staff, which consisted of one secretary when Slagle dropped his writing career in 1983, now includes around 20 full-time employees. Three customer-service representatives handle incoming calls from anxious home owners for jobs ranging from simple cleaning to complex room additions. In between are some 80-odd specialties, including pest control, appliance repair, upholstery, piano tuning, and plumbing—in short, just about anything to do with the home or yard. "We even have a 'snake charmer' to lure reptiles out of a client's house," says Slagle.

Last March, Slagle & Slagle moved from the tiny offices where it first opened in 1959 to a 2,000-square-foot facility. "Honestly, there has been much more work available than workers to handle all of it," Slagle admits.

Calls for work average around 50 a day from the 3,200-member customer base. Since nearly 80 percent of business now comes from existing customers, Slagle carefully paces marketing.

Next in line for Slagle is a cautious move outside the Baltimore area, possibly through joint ventures with existing companies or even franchises. But he stresses the need to keep everything at a level of personal responsiveness, including follow-through and mediation with workers if necessary.

"We might be offering 80 different specialty services," says Slagle. "But we're still the neighborhood handyman. We've learned what it is about the past that was really important to people. We're really not selling repair and improvement jobs—we're selling peace of mind."

—Bill Belleville

PEOPLE

Going For The Goat

One Saturday evening a few years ago, Robert D. Jackson and his wife, Carol, were pulling out of the driveway of their ranch in Southern California's Santa Ynez Valley, on their way to a social gathering. Then it hit them: They had forgotten to milk the goat!

The job usually fell to their teenage daughter in the evenings, but she was away from home that weekend.

"So we went back," Bob Jackson recalls, and a few minutes later "Carol was out in the barn, with a satin evening dress on, milking this goat."

In a sense, goats are the Jacksons' life. They are not breeders or farmers, though; they are the Jackson half of a Santa Barbara, Calif.-based company named Jackson-Mitchell, the giant in the Lilliputian world of U.S. goat dairying. Jackson-Mitchell makes and distributes evaporated, powdered, and fresh goat milk, a microwave goat-milk fudge, and a goat-milk caramel, "cajeta." Its only competition is from a few much smaller producers of fresh milk.

For 40 years, Jackson-Mitchell distributed the goat-milk products made by another company, under the Meyenberg label. In the 1970s, though, Jackson-Mitchell bought the Meyenberg plant at Yellville, Ark., and later bought a second plant at Turlock, in northern California. Since their company was now dealing directly with goat

farmers—Jackson-Mitchell gets goat milk for its two plants from several dozen small producers—Carol Jackson decided they had better learn some more about goats.

"We bought a nanny and a buck and bred them," she says, and twin goats were born. "I milked, my daughter milked, morning and night. We made goat cheese, we drank goat milk, I made goat yogurt. I became more knowledgeable in every aspect, including having a great deal of sympathy for the producer. Even if you've got just two goats, you must be there, morning and night, seven days a week."

Carol started working for the company soon after she and Bob married, 26 years ago (she is now a vice president), but his affiliation goes back 55 years. He was 7 and "had asthma very, very badly," he says, and his family moved to California from New York City for the sake of his health. After the move, "I was still a pretty sickly kid, and somehow my parents heard that if you drink goat milk, it's better for you than cow's milk, because it's easier to digest." He started drinking the same Meyenberg evaporated goat milk that his company sells today.

Because the milk was so hard to find in stores, his father eventually went to northern California to talk to John P. Meyenberg, the manufacturer. The elder Jackson happened to show up when Meyenberg was discouraged about goat milk's prospects and thus was receptive to Jackson's proposal for a 50-year distribution agreement. (Another family, named Mitchell, invested in the

Bob and Carol Jackson, whose California company sells fresh and evaporated goat milk, visit with a couple of the sources of their raw materials.



PHOTO: T. MICHAEL KEZA

new company but has never been active in management.)

For many years, Jackson-Mitchell's evaporated goat milk "was basically prescribed by doctors, for children who were allergic to cow's milk," Bob Jackson says, and it was sold through drug-stores. A powdered goat milk, introduced about 35 years ago, found a market in health-food stores.

"In the '50s," Jackson says, "grocery stores started handling drug items, and they also started handling baby formulas. So it was very logical for us to start going into grocery stores."

Today, 80 percent of Jackson-Mitchell's sales are through grocery stores. The firm is benefiting from the heightened consumer awareness of goat-milk products resulting from the popularity of goat cheese and from some nutrition writers' claims that goat milk offers health benefits that cow milk does not. (Goat milk is very similar nutritionally to cow milk—and the taste is similar, too—but many people who are lactose-intolerant or otherwise have trouble digesting cow milk believe they can digest goat milk more easily.)

Jackson-Mitchell began selling "ultra-pasteurized" fresh goat milk, with a shelf life of a month or more, about six years ago; it's available in a dozen or more states. In general, Bob Jackson says, the company has "become far more aggressive" in recent years, with a new emphasis on goat milk's culinary virtues. Annual revenues have been rising at a 30 percent clip, to about \$5.5 million in 1988, thanks largely to booming sales of the fresh milk.

Jackson-Mitchell, with its nationwide distribution network, is well situated to exploit consumer interest in goat-milk products. But the Jacksons know the pitfalls that lie ahead if they try to expand too rapidly. Goat-milk products will always be more expensive than cow-milk products: Goat dairying is labor-intensive, compared with cow dairying, and cow-milk products are subsidized by the federal government, but goat-milk products are not.

Although some people do try goat milk out of curiosity ("I guess a lot of them read *Heidi*," Carol Jackson says), and others buy it simply because they like it, most purchasers of Jackson-Mitchell products will, inevitably, continue to buy them because of allergies and other health considerations.

The Jacksons eventually sold their own goats—at a profit—but as they move gingerly to expand the market for their products, they will continue to benefit from their practical experience, as Carol says, "right down at the udder level." At least, Carol will. She says of her husband: "He never milked that goat. But he makes a great martini."

—Michael Barrier



PHOTO: ROBERT HOLMSTROM

Out Of This World

Comb religious literature, and you will find many descriptions of what heaven may look like and many more of what it may sound like. But amid all those visions of lofty halls and angelic choirs, you will find little to suggest what heaven might *smell* like.

For those of a certain persuasion, though, there can be no doubt about heaven's aroma. They know that it smells like Carolyn Tognetti's store: Garlic World, which sits beside U.S. Highway 101 in the self-proclaimed garlic capital of the world, Gilroy, Calif.

"Garlic is a little finicky as to where it likes to grow," Carolyn Tognetti says, but garlic has found the Gilroy area so much to its liking that something like 14,000 acres are planted in garlic within a 90-mile radius. Civic boosters claim that Will Rogers once described Gilroy as "the only town in America where you can marinate a steak just by hanging it out on the clothesline." Since 1979, Gilroy has marked the garlic harvest each summer with a garlic festival that now draws upwards of 140,000 people.

Alliumphiles (garlic lovers) who come to Gilroy thus expect a lot from a store that calls itself Garlic World; and Garlic World delivers. It sold around \$300,000 worth of fresh garlic last year and about as much in garlic-flavored foods. Fresh produce, local wines, and the like made up the rest of the \$1.2 million in total sales. The store offers olives stuffed with garlic, garlic seasonings, garlic mayonnaises, garlic butters, garlic salad dressings, garlic vinegars—and, for those who want to proclaim

At Carolyn Tognetti's store, *Garlic World*, in Gilroy, Calif., the bulbous herb comes in many forms, including long braids.

their allegiance to garlic with more than a pungent breath, Garlic World sweat shirts, aprons, and napkins.

Most of the fresh garlic sold in the store is raised by the two farming families that own it, the Tognettis and the Christophers. Carolyn Tognetti, 43, started selling fruit and garlic part time in 1971 from an open-air roadside stand. As business grew, the Tognettis and Christophers faced the need to spend heavily on remodeling the stand. They decided instead to spend \$750,000 on a 10,000-square-foot store.

Garlic World opened in March 1986, and Carolyn Tognetti quickly established herself as the boss. "I was nice for a few months, but I had to kick them out early on," she says of her husband and his partner. "I had worked for 15 years [at the fruit stand], while they were out in the field. I finally said, 'Do I come out and tell you when to fertilize?'"

Garlic World mailed 6,000 copies of its first catalog last year, and the Tognettis and Christophers have been thinking about starting a restaurant—with a garlic-flavored menu, of course—next to the store. Beyond that, "I'll be able to get into a lot more things," Carolyn Tognetti says, once the youngest of her four children is a little older.

In the meantime, she plainly enjoys running a store that smells like a gigantic Italian kitchen. "Garlic is fun," she says. "We get people coming in saying, 'Well, we know you don't have any vampires.'"

—Michael Barrier



NOW ALL DELIVERYMEN CAN WO

With the new International® 4600 Lo-Profile™. The only low profile truck that can actually carry medium-duty loads, up to 15,000 lbs. in fact. As you can see above, the 4600's chassis is a mere 30" off the ground. Virtually half the height of the standard medium-duty trucks you're probably now using. Which means it not only makes curbside loading and unloading twice as

easy. But also eliminates the need for troublesome lift gates and ramps.

And this height advantage helps you in another way too.

Being two feet lower at the deck allows you to buy a taller truck body. So you can actually haul more payload.

And to assure that our new trucks keep



WORK AT A MORE PRODUCTIVE LEVEL.

giving your business an advantage, the 4600 LP comes with the legendary toughness and dependability you'd expect from the #1 medium and heavy-duty truck maker in North America.

So if you're presently using medium-duty trucks for your business, check out the International 4600 LP. And see how much this lower truck chassis can raise your productivity.

For more information on the International 4600 LP, call 1-800-962-0119 Ext. 016.



INTERNATIONAL

from NAVISTAR.

Circle No. 100 on Reader Service Card.

Our Crumbling Infrastructure

A bolt in the substructure of the bridge carrying Interstate Highway 95 over the Mianus River in southwestern Connecticut sheared off early in the morning of June 28, 1983.

Weakened by the loss of support from a steel rod that the bolt had anchored, a 100-foot section of the span collapsed. Two tractor-trailer trucks and two cars went over the edge, dropping 75 feet to the muddy river banks. Three people were killed, and three were critically injured.

It was six months before the 31-year-old bridge was fully reopened to its normal daily traffic of 100,000 vehicles. Repairs cost \$20.6 million.

There was also a substantial economic loss to businesses in the area. They were hit hard by massive traffic jams that resulted when cars and trucks were rerouted from I-95, the principal highway between Maine and Florida and one of the most heavily traveled segments of the interstate system.

Griffin Harris, owner of a travel agency in Greenwich, Conn., said his business fell 40 percent because clients were unable to get to his office through the congestion. "It was just a nightmare," he recalls.

Other spectacular bridge collapses in this decade have included the 50-year-old Hatachie River Bridge about 45 miles north of Memphis, Tenn., and a Great Miami River bridge in Ohio, both this year, and a New York State Thruway bridge west of Albany in 1987. A total of 20 people were killed in the three incidents.

Those bridge collapses were among the developments that have spotlighted in recent years one of the most serious problems facing the nation today—the crumbling of the American infrastructure and the cost of neglect of the nation's highways, bridges, airports, water systems, sewage-treatment facilities, and other vital public works.

Economic health is directly dependent upon the condition of this infrastructure. Just how much so was de-

The crumbling of America's overburdened infrastructure looms as one of the nation's costliest and most serious problems.

By Joan C. Szabo

scribed in these terms by the National Council on Public Works Improvement, which Congress created to appraise the condition of America's public-works structure:

"The quality of a nation's infrastructure is a critical index of its economic vitality. Reliable transportation, clean water, and safe disposal of wastes are basic elements of a civilized society and a productive economy.

"Their absence or failure introduces an intolerable dimension of risk and hardship to everyday life and a major obstacle to growth and competitiveness."

And how does this nation's infrastructure measure up to that standard at a time when demands on it are greater than ever? The council's basic finding was not encouraging: "The quality of America's infrastructure is barely adequate to fulfill current requirements and is insufficient to meet the demands of future economic development."

The council, established under the Public Works Improvement Act of 1984, reached that conclusion after two years of extensive research to develop a base for priority recommendations on bringing public works into line with current and future needs.

In addition to that government panel, private-sector voices have joined in the

growing effort to alert the nation to its infrastructure problems. Says the U.S. Chamber of Commerce: "There is an immediate need to begin to restore those portions of basic infrastructure that have fallen into dangerous disrepair. . . . Investment in public works is as vital for national economic revitalization as investment in our industrial plants. In a modern society, private economic growth is based on sound public works."

A wide range of other organizations share that view. Some snapshots:

- More than 60 percent of the miles of paved highways in the U.S. need some form of surface rehabilitation.

- More than 40 percent of U.S. bridges over 20 feet long are either structurally deficient or functionally obsolete.

- Highway congestion already is serious in many areas, and the total number of miles traveled annually by vehicles using U.S. roads will increase by one-third over the next decade, to 3 trillion miles.

- By the year 2005, traffic delays caused by inadequate roads will cost the U.S. \$50 billion a year in lost wages and wasted gasoline.

- The Associated General Contractors of America, the largest organization of construction firms, puts the cost of infrastructure needs at \$3.3 trillion, which includes \$1.6 trillion for highways, \$53 billion for bridges, and \$142 billion for water supplies.

- Airports are crowded, airways are congested, and the air-traffic-control system needs substantial upgrading to maintain safety. The Federal Aviation Administration estimates that the number of "seriously congested" airports will soar to 58 by the year 2000, up from 16 in 1986, and the congestion by the turn of the century will affect 74 percent of passengers, compared with 39 percent in 1986.

- Water storage and distribution systems are deteriorating in some older cities, such as New York; Newark, N.J.; Cleveland; and Boston. In a certain two-



COVER STORY

Our Crumbling Infrastructure

year period, 34 cities suffered an average of 229 water-main breaks per 1,000 miles of main. In addition, leaky pipes cause some major cities to lose as much as 30 percent of their daily water supply.

● Despite a \$44-billion federal investment in sewage treatment since 1972, it will take \$83.5 billion to meet wastewater treatment requirements of the Clean Water Act by 2005, the Environmental Protection Agency estimates.

The massive problem that has developed in those and other areas of the national infrastructure raises the same two questions that are raised by any

problem of any magnitude: How did it occur? What must be done to correct it?

A principal reason for neglect of the infrastructure, many experts suggest, is that it is relatively easy to ignore. The Associated General Contractors says: "The nation assumes that drinking water is safe, bridges are structurally sound, the transportation network will be efficient, and rivers, bays, and streams will be clean and suitable for both fishing and recreation.

"Unfortunately, it is only when an infrastructure failure occurs, when we see this quality of life threatened, that most Americans become aware of the necessity of adequate public works."

The National Council on Public Works Improvement puts it this way:

"Of all public services, infrastructure may be the easiest to take for granted. When it functions best, it is noticed least." The infrastructure thus be-

comes a prime target for economy. The annual increase in total government spending on the infrastructure dropped from 4.5 percent per year during 1961 to 1970 to an average of 0.8 percent per year from 1981 to 1987.

The key factor in this decline has been competition among various public sectors in an era of fiscal retrenchment.

Ironically, the restraint has been extended to various transportation trust funds established to guarantee financing for construction and repair of highways, air-travel facilities and other parts of the infrastructure. Those funds contain earmarked revenues from users of the facilities to be financed. But succeeding Congresses and presidents have employed a fiscal strategy of reducing the federal deficit by retaining substantial surpluses in the transportation accounts, rather than committing money to the designated purposes.

Currently, the Treasury Department estimates, nearly \$29 billion in user-paid revenues to the federal transportation trust funds have not been put to work.

The "squeaky-wheel" factor also has come into play as governments have shifted priorities, notably toward social programs. Sally Brain, an economist for the Associated General Contractors, says that many government entities see maintenance as an expense that can be put off until another year.

At the same time, conditions continue to worsen in many areas of the infrastructure because of either neglect or increasing demands.

Airline-passenger traffic has climbed 65 percent since deregulation in 1978, but the number of major airports has not increased. Although several airports have been expanded, no commercial airports have been built at new sites since 1974, and air traffic continues to climb.

Many U.S. bridges designed and built 50 years ago are now reaching the end of their useful lives. Under the Highway Bridge Replacement Program, about 2,871 bridges are repaired or replaced each year. But at that rate, it will take an estimated 83 years to clear the current backlog of bridge-repair needs, according to The Road Information Program. TRIP is a Washington, D.C., nonprofit organization that researches, evaluates, and distributes economic and technical data on highway transportation issues.

The Federal Highway Administration (FHWA) projects that by the year 2000,

Continued on Page 22

PHOTO: ROGER FOLEY—FOLIO INC.



Congested highways such as Interstate 95 near Springfield, Va., mean higher costs for businesses that depend on roads for transporting raw materials and finished goods.

The Private Path To New Highways

To pay for restoring roads, bridges, and other parts of the nation's crumbling infrastructure at a time of budget constraints, several states are considering various types of arrangements with private entities that would build and run public-works facilities.

These private parties would assume varying degrees of responsibility for highway construction, for example. As in the case of privatization generally, advocates of that course in infrastructure development say that the private sector can complete projects more efficiently and economically than government agencies.

The privatization of public works is not new, by any means. Privately built and operated roads were common in colonial days. Most bridges were in private hands until the early 1930s, and some remain so today. They include the Ambassador Bridge connecting Detroit and Windsor in Canada's province of Ontario and the recently opened toll bridge linking Fargo, N.D., and Moorhead, Minn.

There are scattered instances of private ownership of roads, many of them providing access to and within tourist attractions and real-estate developments.

The possibility of broader use of privatization in public works is receiving increased attention as governments try to cope with infrastructure demands against growing resistance to higher taxes.

In Virginia, for example, the Virginia Highway Corporation Act of 1988 opened the way for private companies to seek authority to construct and operate roads in the state. Soon after the law was enacted, a newly created private firm, the Toll Road Corporation of Virginia (TRCV), submitted a proposal to the Virginia Commonwealth Transportation Board to build and maintain an extension of the publicly run Dulles Toll Road.

TRCV's founder and president is Ralph Stanley, who left the position of head of the Urban Mass Transportation Administration in the U.S. Department of Transportation to enter into private road-building ventures.

The existing Dulles Toll Road is used primarily by commuters living between the Capital Beltway and Dulles International Airport, near Washington. The proposed, privately funded 14-mile road would extend the toll road to serve a fast-growing suburban population.

TRCV developed its proposal with



PHOTO: T. MICHAEL KEZA

Travelers pay as they go on the moneymaking Dulles Toll Road, which serves suburban communities near Washington, D.C.

the help of Goldman, Sachs & Co. of New York, an investment banking firm, which produced a plan for financing construction and maintenance costs until toll revenues can pay for upkeep of the road.

In reviewing the toll-road proposal, the Commonwealth Transportation Board asked Virginia's Department of Transportation to develop an alternative plan as a way to determine the relative value of the private proposal.

Under the VDOT proposal, \$188.4 million in capital funds generated through publicly issued general-obligation bonds would be required for initial development, and a \$51.6-million subsidy from the existing toll road would be used to cover a portion of the debt service for the first seven years. The goal for completion of the highway would be June 1993.

The TRCV proposal, however, estimates total costs for construction and initial maintenance would not exceed \$145.6 million—financed through a Goldman, Sachs series of bonds issued on behalf of TRCV—and the road would be open by December 1991.

Approval depends on two rulings expected imminently—one from the Commonwealth Transportation Board, the other from the State Corporation Commission.

In Colorado, an unusual mixture of public funding and private development is being used in a project to construct and operate the E-470 Beltway, a section of a business tollway that eventually will encircle Denver.

The E-470 Public Highway Authority (PHA), representing a broad range of regional interests, was formed in 1988 to succeed a coalition of four local governments.

The PHA is to supervise construction

and maintenance, and it will serve as liaison between the public and the private sectors.

The project's engineering, construction, financial matters, legal details, environmental requirements, and public-relations efforts are being handled by private firms under contract.

The initial financing will come from a \$10-a-vehicle increase in automobile registration fees. Those revenues and the projected income from tolls enabled the E-470 Authority to draw \$63 million from an escrow account established by Arapahoe County.

These funds will finance construction of the first section of the beltway, a 5.5-mile stretch to be completed by late 1991.

The \$63 million then will be paid back to the county, with interest, and toll revenues will be used to pay for construction of the final three sections of the beltway.

"Over the long term, we estimate that 92 percent of the total funding will come from toll revenue," says Robin McHenry, a spokeswoman for the E-470 Public Highway Authority.

"Only about 5 percent of the total cost will be financed by the vehicle-registration-fee increase, which we secured through a public election," continues McHenry. "The remaining costs will be absorbed by developer impact fees, donations, and designations of the right of way."

The state with more people (25 million) and more cars (22.4 million) than any other is also considering a role for the private sector in meeting its massive transportation needs. The California legislature has approved a plan to "utilize the expertise and financial resources of the private sector to design, build and pay for new transportation projects." The law authorizes four demonstration projects in which private entities will be permitted to lease state-highway rights of way to build toll routes.

—David J. Ward

de nederlandse bank

TIEN GULDEN 10

CINQUANTE

50

BANK OF CANADA - BANQUE DU CANADA

Pound For Pound, Yen For Yen, Lira For Lira, You Can't Beat Our International Discount.

Or for that matter, peso for peso, or
mark for mark.

Because only AT&T combines big inter-
national savings with AT&T quality.

For as little as \$12 per month, AT&T
PROSM WATS lets you enjoy a 10% sav-
ings on direct-dialed calls to 47 countries*
during both the standard and discount
time periods.**

*Savings also apply to American direct-dialed calls.

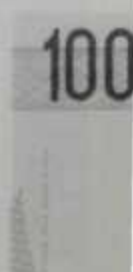
Your savings can rise to as high as 18%
as your volume of calls increases.

And your calls will be connected with
the speed and clarity AT&T is renowned for.

For more on AT&T PRO WATS and
our other international discount plans, call
1 800 222-0400, ext. 1276.

Because dollar for dollar, you're just not
going to find a better deal.

**Discount for Canada and Mexico applies to day- and evening-time periods.





COVER STORY

Our Crumbling Infrastructure

Continued from Page 18

about 90 percent of interstate highways will require capital improvements to remain serviceable.

The American Association of State Highway and Transportation Officials estimates that total highway spending by all levels of government would have to be increased to nearly \$100 billion a year—70 percent more than the current level—to keep up with travel growth expected over the next 20 years.

The increase in problems of the infrastructure will be accompanied by increasing demands on it. The U.S. Department of Commerce estimates that infrastructure use by industry alone will increase by at least 30 percent over the next 10 years.

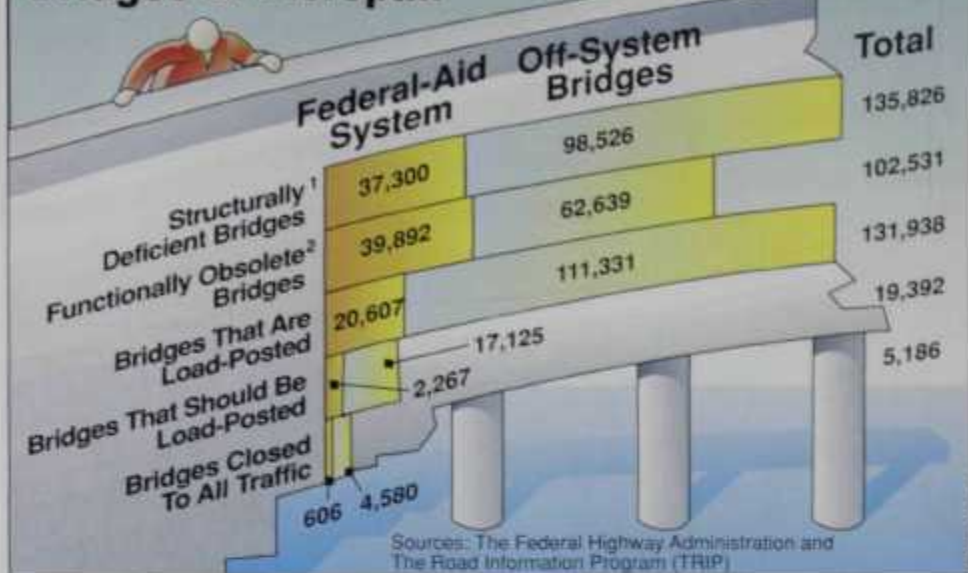
David Alan Aschauer, senior economist at the Federal Reserve Bank of Chicago, warns that the recent decline in the growth of public capital spending on highways, sewers, mass transit, bridges, and other infrastructure needs adversely affects the growth of U.S. productivity. (See the graph on Page 23.) Says Aschauer: "If growth in infrastructure spending doesn't keep pace with growth in industrial plant and equipment, there will be a significant negative impact not only on productivity but also on the profitability of business, which will lead to lower private investment and lower economic growth."

The tie between adequate public works and productivity is apparent in this example offered by TRIP: A load-posted bridge carrying 2,000 automobiles per day must be avoided by about 200 trucks. Assuming 50 cents per mile in operating costs and a detour of five miles, those 200 trucks would incur \$182,500 in extra expenses a year.

Business' stake has many other facets. Nearly every product manufactured or consumed in this country is carried over a highway on some part of its journey from the maker to the ultimate user. More than 80 percent of freight revenues are generated by trucks; 85 percent of workers get to their jobs in private vehicles.

Lester P. Lamm, president of the Highway Users Federation, reports that in 65 public forums conducted around the U.S. last year, his organization heard testimony that "traffic con-

Bridges In Disrepair



1 — Structurally deficient: All or part needs rehabilitation or replacement; 2 — Functionally obsolete: Capacity, approach alignment or overhead clearance inadequate for today's traffic.



The collapse of part of a Connecticut Turnpike bridge into the Mianus River in 1983 highlighted a nationwide problem: Many bridges must be rehabilitated or replaced.

gestion is adding to the cost of doing business in the U.S." In Los Angeles alone, Lamm says, the out-of-pocket cost of traffic congestion for both business and commuter travelers was more than \$500 million in 1988.

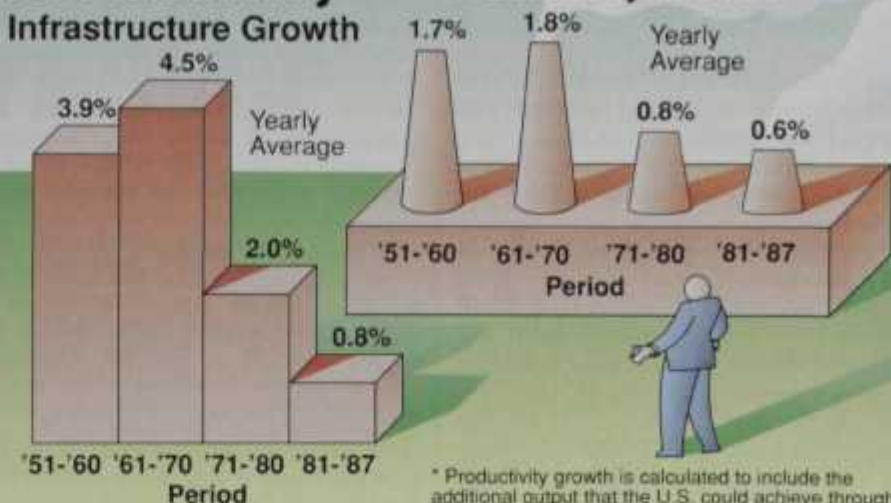
Another stake for business is that of the small firms—particularly construction-related companies—that build public-works facilities, from designing them to landscaping them. "Many small businesses will benefit from infrastructure rebuilding," says Peter T. Ruane, president and chief executive officer of the American Road and Transportation Builders Association.

Robert L. Turner, president of the Associated Builders and Contractors, says, "Some of the businesses directly affected include road contractors, pipe manufacturers, cement producers, structural-steel and guardrail firms, painting contractors, and landscapers." ABC represents more than 18,000 merit-shop contractors, subcontractors, materials suppliers, and associated firms.

The Associated General Contractors says that the industry "is typified by family-owned businesses that work in an extremely competitive and open environment."

One of business's most extensive involvements in the nation's infrastruc-

Infrastructure Growth Affects U.S. Productivity



Source: Federal Reserve Bank of Chicago

CHART: SAM WARD

* Productivity growth is calculated to include the additional output that the U.S. could achieve through a combination of private labor and private capital.

ture relates to the second question—how infrastructure problems are to be solved. The answer involves money, lots of it.

The business role will include projects financed directly by companies, and it also will involve payment of the tolls and user fees expected to be an increasing part of public-works financing as governments seek alternative revenue sources to broad-based tax-

ation. Sally Thompson, director of research for TRIP, points out that Texas, California, Colorado, Florida, and Virginia are among the states that have turned to various forms of private financing, "shifting more and more of the capital costs of growth to developers and residents."

One example of this is private-sector financing of specific projects. Data General Corp., for example, is negotiating with local authorities on a plan under which it would finance construction to relieve traffic congestion around its Westboro, Mass., headquarters, about 30 miles west of Boston. "The problem has developed as a result of an explo-

Planes in line to take off from Los Angeles illustrate worsening air-travel tie-ups. Seriously congested airports will soar to 58 by 2000, up from 16 in 1986, says the FAA.

PHOTO: © NEK WHEELER—BLACK STAR



COVER STORY

Our Crumbling Infrastructure

sion in development of the land where Data General is located without any parallel enlargement in the state's public-access highway system," says Brad Stroup, director of public affairs for Data General.

In a number of jurisdictions, impact fees are assessed as a mandatory form of cost sharing. According to a TRIP report, "In Orange County, Calif., for example, developers in three corridors in which freeways are to be built are required to pay impact fees in proportion to the amount of traffic their project is expected to generate."

For some state governments, greater use of toll roads is viewed as one way to

address the financing dilemma of rebuilding and expanding the road network. (See the box on Page 19.)

There is growing support among business people for shifting more public-works costs from taxpayers generally to users of the facilities: Eighty-two percent of the delegates to the 1989 annual meeting of the U.S. Chamber of Commerce said they would favor increased user fees to provide better highways.

But even as business groups press Congress to preserve the integrity of the trust funds, some lawmakers are calling for higher gasoline taxes that would be used as general revenue to

The cave-in of a New York City sidewalk after a water-main break last year was a reminder of trouble down below: crumbling water-supply systems in some major cities.

PHOTO: © DAVID BOOKSTAVEN—WIDE WORLD



reduce the federal budget deficit and would not be earmarked for highways.

Any such tax increase would derail many initiatives for increasing funding for state highway-improvement programs, particularly in those states that use fuel taxes for funding highway projects, says William Kelleher, manager of community resources for the U.S. Chamber of Commerce.

The Chamber's plan for restoring the infrastructure is generally representative of proposals being advanced by the many other organizations involved in this key public-policy issue. The principal elements:

- Establishment of a mechanism, such as a federal infrastructure bank, to bring effective management to federal contributions to public works, with any new financing arrangement to protect trust funds from political interference and provide that outlays focus on facilities needed in interstate commerce.
- A central role for user fees, wherever possible, in financing construction, maintenance, and rehabilitation.
- Assigning to state and local governments the primary responsibility for design and construction of projects and limiting the federal role in infrastructure rehabilitation to capital financing on a cost-sharing basis with states and localities.
- Where appropriate, providing public infrastructure services through private means or local, self-supporting government agencies on a cost-effective basis.

Several bills to achieve those and other goals for dealing with infrastructure problems are pending in Congress and are expected to get increasing attention as business presses its case for action on this national problem.

Whatever the specific strategies adopted, rehabilitation of the infrastructure will be not only a formidable challenge but also an extremely expensive undertaking.

Richard H. Stanley, president of Stanley Consultants, in Muscatine, Iowa, and a member of the U.S. Chamber's Construction Action Council, says that although the cost is high, the need to mobilize is critical. "We must confront the issue and be prepared to pay the costs," he says.

The Associated General Contractors sums up the issue this way: "The basic reality [is] that America's essential public works are continuing to wear out faster than they are being repaired and replaced. ... An enormous portion of U.S. economic growth will be lost if steps are not taken immediately to rebuild the infrastructure." ■



To order reprints of this article, see Page 73.

Tuition Payments Cut Job Turnover

By Sal D. Rinella and Robert J. Kopecky

The turnover rate had reached 179 percent at the Burger King in downtown Detroit's Renaissance Center three years ago. Operations were disrupted as each position had to be filled twice every 13 months, owner Herbert Schervish recalls. And he estimates that it cost \$1,500 in training expenses and lost productivity each time he had to recruit a new worker.

Schervish had tried to remedy the problem by raising wages and improving working conditions, but those efforts didn't reduce turnover. Then he took another approach—offering to pay the cost of tuition and books for employees attending either of two local community colleges. That strategy succeeded.

The turnover rate among the program's participants dropped, and the store's ratings within the Burger King system for quality of service went up.

Many of the employees who have taken advantage of Schervish's program are young people like Brian Dobbins, a 21-year-old food handler and cashier. During the year and a half he has been employed at the Renaissance Center Burger King, he also has been working toward an associate's degree at a local college. He has taken two courses each term, and he says he will stay at the store at least one more year, when he expects to receive the degree. He then hopes to earn a bachelor's degree and later go to law school.

"I was attracted to the job because of the education plan," Dobbins says, adding a compliment for owner Schervish. "Not many business people are doing what Herb is. I think it's wonderful."

Schervish's program has become a model for educational-incentive programs at two other Burger Kings, two fruit markets, and a car wash in Detroit. And it has been approved for adoption—at owners' discretion—at

Burger King stores in the Midwest. The owners can implement the program in connection with any accredited two-year or four-year college, or trade or professional school.

Schervish's program is especially suited to the needs of a particular category of part-time workers—and their employers.

Typically, part-time workers ages 16 to 24 quit their jobs not because of low

Paying college tuition for part-time workers while they stay on the job reduced a firm's turnover rate and improved its service.

pay or poor working conditions, some researchers have found, but because they want to attend school. As a result, more and more service companies are looking to education incentives as the labor market tightens.

Cumberland Farms, a company with 1,200 convenience stores and with headquarters in Canton, Mass., reimburses full-time employees for college courses and offers part-time workers a scholarship program.

The Burger King chain has a Crew Educational Assistance Program—distinct from Schervish's own program—that is offered to employees in its 5,400 restaurants. An employee who has com-

Burger King store owner Herbert Schervish celebrates with workers who have made educational gains through his tuition-payment plan for them.



PHOTO © MONTY NAGLER

Sal D. Rinella, vice president for administration of California State University, Fullerton, conducted the study of the educational program at the Renaissance Center Burger King. Robert J. Kopecky is president of Educational Administrative Services Inc., a Farmington Hills, Mich., consulting firm that administers employee incentive programs.

MANAGING YOUR BUSINESS

Tuition Payments Cut Job Turnover

pleted three months of steady work with the company can start accruing up to \$2,000 worth of tuition credits in two years, and the money can be applied to post-high-school tuition costs at any time.

Schervish considered the Burger King program and other types of education incentives, but he chose instead to introduce his own plan.

"I wanted to develop a simple program that would reduce turnover and provide immediate gratification to workers rather than having incentives and then making them wait, and to do more than provide a paycheck and push the employees to work," Schervish says.

He began by meeting with other business people and with faculty members at Henry Ford Community College, a two-year school in nearby Dearborn, Mich., to explore various incentive programs.

Schervish decided to pay expenses of his employees attending Henry Ford Community College. In cooperation with the school's administration, he devised a plan. By the time the program began operating in the 1987 fall term, the offer included courses at both Henry Ford Community College and Wayne County Community College. The latter is near the hotel, office, and retail complex where Schervish's Burger King is located.

Under the plan, Schervish offered to pay for tuition and books for one course for employees who worked for 10 to 15 hours per week; for two courses plus books for those who worked 16 to 25 hours; and for three courses and books for employees who worked for 26 to 40 hours a week. No minimum longevity with the store was required. Workers simply met with a school adviser, and then they followed regular enrollment procedures before attending classes.

When he started the program, Schervish suspected it would correct the turnover problem and that productivity would increase because the store would be attracting ambitious employees committed to working hard to earn a degree.

But Schervish also saw the possibility that turnover actually might grow worse rather than better because employees would find themselves over-committed and unable to handle both work and school.

Moreover, productivity could suffer when employees channeled the bulk of

their energies into their studies. But a study conducted at the request of Henry Ford Community College in 1987-88 documented that Schervish's educational-incentive program had resulted in the decreased turnover and improved productivity.

The turnover rate for employees in the educational-incentive program was 38.7 percent for the eight months of the study, far below the 160 percent for employees who did not participate. Those percentages for a portion of a year suggested that the annual turnover rate for participants would be about 58 percent, and turnover for eligi-

"I remember what it's like to be a kid and what it's like to get on track. That's why I've always done things to create better education for employees. I wanted my workers to be the best. ... The gratification is great. ... It's great to see a young person bubbling."

—HERBERT SCHERVISH,
OWNER OF THE BURGER KING IN
DETROIT'S RENAISSANCE
CENTER

ble nonparticipants would be about 240 percent—or close to the middle of the range of 200 percent to 300 percent turnover that is common in the fast-food industry.

To determine productivity, the number of sales per employee hour and the customers per employee hour were compared for the eight-month experimental period of September 1987 through April 1988 with such figures for the like period in the preceding years.

After excluding changes attributable to price increases, the study found that productivity went up about 3 percent.

Also, with the decreased turnover rate, the store was able to maintain a crew size comfortably above the minimum necessary to operate effectively. In the like period in prior years, the

store's crew size consistently fell below the desired number.

Rod Roell, director of operations for the Renaissance Center store, says: "When the store is able to retain an optimal crew size, the hours of the best contributors can be increased and the quality of product and service go up. In a store running constantly behind the optimal crew size, managers often have to fill in for absent workers, making the overall coordination of the crew weaker, and the result is lower quality and service."

One measure of overall store quality is Burger King's "Quality-Service-Cleanliness" evaluation, conducted regularly by the company's franchise district manager. Store ratings during the experimental period rose 7 to 10 percent above ratings during previous years.

The education-incentive program contributed directly to this improvement in quality, Roell says. "Workers enrolled in school showed more personal pride and pride in the job and were noticeably better in dealing with the customers."

Schervish's investment in the program during the experimental period was \$10,000—the cost of classes and books. Taking into account the cost of turnover at his store, he feels the investment is well worth it, and he has continued the program.

"I remember what it's like to be a kid and what it's like to get on track," Schervish says. "That's why I've always done things to create better education for employees. I wanted my workers to be the best."

Rod Roell thinks the investment pays dividends for the store and the workers. Most of the participants stay on the payroll longer because of the incentive, he explains, which reduces the store's training costs. And because employees remain with the company, they know their jobs better and are more productive.

The participants, Roell says, "definitely value the job more. They have more on the ball than the typical fast-food minimum-wage employee. They want to move up in the world." And most do. Roell says most employees leave the Burger King store for higher-paying jobs such as bank tellers.

"The gratification is great," Schervish says. "It's cost-effective. It's great to see a young person bubbling. But if you're going to do this, you must commit yourself. You need to take a personal interest. It's not enough to send a check." ■

TAIWAN



TAIWAN




PHOTOS: TAIWAN GOVERNMENT INFORMATION OFFICE

Late last year the Tatung Co., one of the half-dozen large firms that form the backbone of the information industry of the Republic of China (ROC) on Taiwan, reached what by most people's standards would be an impressive milestone: The 1 millionth monitor manufactured by Tatung for the IBM PS/2 line of personal computers rolled off the assembly line.

The monitor was just one of more than 7 million monochrome and color video displays labeled "Made in Taiwan" by Tatung, Acer, Copam, Mitac, and other firms in 1988 and shipped to the far reaches of the globe, according to *PC/Computing* magazine. No other nation made nearly as many of these computer components.

In fact only a handful of nations export more of anything than Taiwan. Although the entire island nation is only about the size of the state of New Hampshire—ranked 44th in the U.S. by area—Taiwan is the world's 13th-highest-volume trader, conducting about as much international



The memorial to former President Chiang Kai-shek in Taipei is a popular stop for tourists visiting the Republic of China on Taiwan. Business visitors are impressed also by the island's superb infrastructure.

business as the larger countries of Brazil, India, and Mexico.

In 1988, Taiwan trade totaled \$110.23 billion, an increase of 24.5 percent from a year earlier, according to the Ministry of Economic Affairs. At the end of last year, Taiwan's \$75 billion in foreign-exchange reserves was exceeded only by Japan's \$92 billion.

You would think the ROC government on Taiwan would be elated by these statistics. Its economic officials are pleased, but their standards are much higher than most others'. The ROC government possesses a steely resolve not to be satisfied until the nation achieves much more.

Taiwan is committed firmly to ceding to less-developed nations the role of manufacturer of labor-intensive low-technology wares and winning for itself a new role: developer and producer of goods with high-technology components. Taiwan is not as much interested in making computer monitors or even desktop PCs as it is in developing and producing minicomputers or mainframes.

"We are encouraging labor-intensive industries to upgrade their technologies as quickly as possible," says Chung Chen-Hung, deputy director-general of the Government Information Office of the ROC on Taiwan. But he points out that Taiwan businesses will need help in carrying out their government's mandate: "We don't have

Taiwan's commitment to produce goods with high-technology components and its determination to reduce its trade surplus with the U.S. will create lucrative trade and investment opportunities for U.S. companies. This special report identifies those opportunities and suggests ways to make the most of them.

huge [industrial firms] that can afford extensive research and development efforts, [so] we will still need the fully developed countries to transfer more technology to us." (See the story on Page 35.)

This "need," together with the Taiwan government's determined efforts to reduce its trade surplus with the U.S., will create lucrative trade and investment opportunities for U.S. business people now and in the coming years.

This special report seeks to identify some of those opportunities and provide information and advice on how to make the most of them.

The Making Of A Miracle

Taiwan is the "miracle" economy of the post-World War II era, says Roger A. Brooks, director of the Asian Studies Center of the Heritage Foundation, a conservative think-tank based in Washington, D.C. Taiwan lacks vital natural resources. And with a population of about 20 million, it is the most densely populated body of land on earth, Brooks notes in marveling at the nation's development since 1949.

But while Shaw Yu-ming, director-general of the Government Information Office, also marvels at his nation's rapid ascension as an economic power, he attributes

Taiwan's growth to a series of sound economic-planning decisions and not to divine intervention.

"We usually think of miracles as events whose causes defy logical explanation," Shaw asserts. "Taiwan's economic development can and should be explained."

When Chiang Kai-shek moved the national government from Nanking to Taipei, Taiwan's annual per-capita income was about \$50 in U.S. currency, about the same as it was on the Chinese mainland. But while Chinese under the control of the communists stagnated economically, their kin on Taiwan began realizing ever-in-

One-Stop Shopping For U.S. Business

If you are planning a visit to Taipei with an eye toward doing business on Taiwan, one address—and perhaps the only one—you'll need to know is 5 Hsinyi Road, Section 5.

That is the site of the Taipei World Trade Center complex, the largest and most modern facility of its kind in Asia, according to staff members of the China External Trade Development Council (CETRA), which administers activities there.

This veritable city within a city—the largest, most diverse construction project ever undertaken on Taiwan, CETRA officials say—consists of four giant structures: a world-class hotel, an ultra-modern convention center, a skyscraper office building, and a breathtaking trade mart/exhibition hall.

The complex is "a place where people and opportunities can come together; a meeting point for those with shared business interests; a venue where import and export products can be displayed," says a brochure by CETRA, a nonprofit trade-promotion organization supported in part by the government of the Republic of China (ROC) on Taiwan.

The crown jewel of the complex clearly is the seven-story trade mart/exhibition hall. The second through sixth floors of this building comprise the Export Mart. This supermarket of Taiwanese goods available for shipment around the globe is



divided into 14 sections, by product category, ranging from textiles to toys, processed foods to plastics, sporting goods to scientific instruments, and building materials and hardware to cookware and housewares.

The seventh floor is the Import Mart, dedicated to foreign manufacturers, exporters, and their trade representatives working to establish a beachhead on Taiwan. The Import Mart, CETRA officials point out, demonstrates the ROC government's commitment to liberalizing imports

The Taipei World Trade Center, with a dazzling sky-lit exhibition hall that can accommodate more than 1,300 booths, is the largest and most modern facility of its kind in Asia.

and reducing its trade surplus.

All Import Mart tenants have access to a computerized database of current market information; multilingual personnel experienced in conducting negotiations among buyers and potential suppliers; and, most important, the hun-

dreds of thousands of foreign and domestic buyers who attend the more than 30 trade fairs held annually in the Trade Center's exhibition hall.

All seven floors of the trade mart overlook the hall, which can accommodate

PHOTO: TAIWAN GOVERNMENT INFORMATION OFFICE



creasing standards of living. "We [on Taiwan] took a step-by-step approach to economic development our first 30 years. In the 1950s, our priorities were land reform and the creation of an educated class to plan and work for future economic growth," Shaw notes.

Also during the 1950s, the government began nurturing infant nonagricultural industries through protective tariffs, quotas, and other barriers to imports.

By the early 1960s, Taiwan's fledgling industries had gained sufficient strength and confidence to venture into the global marketplace. Low labor costs allowed the nation's entrepreneurs to churn out internationally competitive exports of inexpensive consumer goods, including household appliances, shoes, and textiles.

To boost its new breed of world traders, the government modernized Taiwan's rail, truck, and sea-freight infrastructure, eased



PHOTO: TAIWAN GOVERNMENT INFORMATION OFFICE

Taiwan is not as interested in making computer parts or even desktop PCs as it is in developing and producing minicomputers.

restrictions on raw-materials imports, and began wooing new technology by providing incentives for foreign investments. Also, it provided a stable medium of exchange by tying the value of Taiwan's currency, the New Taiwan dollar, at one-fortieth the value of the U.S. dollar.

During the 1970s, these measures took hold fully, and exports increased at the mind-boggling annual rate of 32.6 percent. This success, notes Shaw, came "despite a series of setbacks," among which he numbers withdrawal from the United Nations in 1971, two oil crises, and U.S. derecognition in 1979.

Another Time Of Transition

By the dawn of this decade, Taiwan had become an export juggernaut, and it seemed likely that the country could remain so for the foreseeable future. Yet by then many of those at the nation's eco-

One-Stop Shopping For U.S. Business

Taipei Trade Shows Calendar

1989

-  **Taipei Pack** September 2-6:
packaging machinery and materials, converting machinery
-  **Taipei Plus** September 2-6:
rubber and plastic machinery, molds, accessories, engineering components, semi-finished and finished products, raw materials and auxiliaries
-  **Taipei Int'l Jewelry and Timepiece Show**
September 15-19:
costume jewelry, folkloric jewelry, precious jewelry, semi-precious jewelry, jewelry manufacturing equipment & machinery, watches & clocks of all kinds, small leather goods items
-  **Taipei Print** September 15-19:
printing studio equipment & supplies, photographic equipment, graphic video systems, offset, intaglio & screen printing presses, photocopying equipment and accessories, microfilm-related equipment, paper cutting & shearing machines, book binding or sewing machines, printing accessories, including paper and inks, printing services and printed materials
-  **Taipei Int'l Toy Show** September 27-October 1:
toys, games and amusements
-  **Taipei Int'l Electronics Show** October 13-19:
consumer electronic products, meters & instruments, manufacturing equipment, electronic components & parts, telecom-munication & communications, computers & peripherals
-  **Taipei Int'l Gift & Stationery Autumn Show**
October 26-30
-  **'89 Taipei Fashion Week** November 9-13:
garms, fabrics, clothing, accessories, household and technical textiles, CAD systems for textile and apparel use
-  **Taipei Int'l Furniture & Woodworking Machinery Show** November 21-25

1990

-  **Taipei Elec** Mar. 1-5
-  **Taipei Int'l Food Industry Show** Mar. 12-16:
agricultural products, processed foods, condiments, beverages, refrigeration equipment, food processing machinery, food packaging machinery and materials
-  **Taipei Int'l Gift & Stationery Spring Show**
Mar. 23-27
-  **Taipei Int'l Industrial Machinery Show**
Apr. 6-12:
pharmaceutical machinery, food machinery, agricultural machinery, measuring instruments, material handling equipment, mining machinery, chemical machinery, textile machinery, CAD/CAM/CAE equipment, pollution control equipment, pulp & paper making machinery, whole plant projects, converting machinery for paper boxes, miscellaneous machinery of other kinds (plastic, printing, construction, packaging, etc.)
-  **Taipei Int'l Sporting Goods Show** Apr. 20-24
-  **Taipei Int'l Cycle Show** Apr. 20-24
-  **Taipei Int'l Footwear & Leather Goods Show**
May 3-7
-  **Taipei Int'l Auto Show** May 14-18
-  **Taipei Int'l Home Improvement and House-ware Show** May 25-29
-  **Computex Taipei** June 6-12
-  **Taipei Int'l OEM/Subcontracting Show**
June 21-25
-  **Taipei Import Fair** Aug. 30-Sept. 5:
for developing countries (non-NACs) wishing to export their products to or attract investment from Taiwan. Only accept group registration
-  **Taipei Int'l Jewelry & Timepiece Show**
Sept. 14-18
-  **Taipei Int'l Toy Show** Sept. 26-30:
toys, games and amusements
-  **Taipei Int'l Electronics Show** Oct.
-  **'90 Taipei Fashion Week** Oct. 26-30
-  **Taipei Int'l Gift & Stationery Autumn Show**
Nov. 7-11
-  **Taipei Int'l Furniture Show** Nov. 21-25

more than 1,300 booths.

Other business-support services available in the trade mart/exhibition hall include a 566-seat restaurant and a snack bar accommodating 128 persons; telephone, telex, and facsimile facilities; and a video guide system, which allows visitors to obtain multilingual information.

A walkway links the exhibition hall with the 34-story International Trade Building. CETRA's offices are located on four floors. Most of the remaining floors are leased to businesses and organizations involved with trade.

The exception is the exclusive TWTC Club, at the top of the building. The club features more than a dozen conference rooms, temporary office space and support services, a health club, and food and beverage service.

When it opens this fall, the adjacent Taipei International Convention Center will be the preeminent meeting facility in Asia. The center will house 12 auditoriums, which will have changeable configurations; and also will have a 3,300-seat main plenary hall. All told, the facility will have a capacity of more than 10,000 people.

Also slated for a fall opening is the 1,200-room Hyatt Regency Taipei. The ultra-modern hotel will include several restaurants, a banquet hall, a shopping complex, night clubs, health clubs, and a rooftop pool.



PHOTO: TAIWAN GOVERNMENT INFORMATION OFFICE

Fueled by Taiwan's red-hot economy, volume on its stock exchange currently is about \$90 billion a day.

economic helm had begun expressing concern about several domestic- and foreign-policy issues arising from the dizzying pace of Taiwan's emergence as a world economic force.

One of those economic leaders is Vincent C. Siew, vice chairman of the Council for Economic Planning and Development of the ROC on Taiwan. "Our macroeconomic policy had to be adjusted recently," he says. "In the past, Taiwan had relied too heavily on exports, especially to the U.S."

Trade Friction With America

Taiwan's trade friction with America emerged as a dominant concern of domestic policymakers, who were acutely aware that a trade war with the U.S. would jeopardize the island's security as well as its economy. Two military-assistance pacts with the U.S.—the U.S.-ROC Mutual Security Treaty during 1954-79, and the Taiwan Relations Act since then—have served as key deterrents to aggression by mainland Communists. "The U.S. is unquestionably our most important trading partner," notes Chiang Pin-Kung, director-general of the Board of Foreign Trade of the Ministry of Economic Affairs of the ROC on Taiwan. And his country is America's fifth-largest trading partner, with two-way trade of \$36.4 billion (U.S.) last year, he notes.

In 1988, the U.S. was the largest buyer of products made on Taiwan, including electrical machinery and apparatus; wearing apparel and other clothing; rubber and plastic products; metal products; wood, bamboo, and rattan products; and transportation equipment. Taiwan was America's sixth-largest buyer, with imports including electrical equipment and apparatus; chemicals; farm products; basic metals; and chemical products.

Recent difficulties between the nations are not the result of trade volume but of trade balance. Last year, Taiwan enjoyed a \$10.4 billion surplus with the U.S. (Exports to the U.S. were \$23.4 billion in 1988, and imports from America were \$13 billion.) Taiwan officials quickly point out, however, that this was down 35 percent from the deficit a year earlier. Some of Taiwan's surplus also results from Japanese and American investors in Taiwan whose goods are imported to the U.S., officials note.

Adopting An Action Plan

Taiwan continues to strive to reduce its

Premier Lee Huan



Lee Huan, who was appointed premier this past June, has been a prominent political figure in Taiwan for more than 30 years. He also is one of the main architects of Taiwan's educational system, which has provided the basis for the country's remarkable economic growth.

Lee was born in Hankow City in 1917. He earned a bachelor of laws degree from National Chengchi University in 1944. From 1946 to 1948 he was director of the Shenyang Daily News.

For over three decades, Lee worked closely with the late President Chiang Ching-kuo. Among other positions, Lee ran the China Youth Corps, which serves the

young men and women of the country.

Lee was awarded the advanced degree of master of arts in education by Columbia University in 1956. He developed National Sun Yat-sen University into a major academic center; he was president of the university from 1979 to 1984.

As minister of education from 1984 to 1987, Lee earned widespread respect for his success in improving the country's educational system. In 1987, he was appointed secretary general of the Central Committee of the Kuomintang, the country's leading political party.

Lee was selected for the post of premier by President Lee Teng-hui after Yu Kuo-hwa, who had been premier for five years, stepped down at the end of 50 years of service to the government.

Lee's selection as premier was "a popular move," James Kuo-hsiung Lee wrote in the Free China Journal. In his article, James Lee, an associate professor in the Department of Political Science at National Chengchi University, wrote:

"The rank and file of the political community have been lavish in expressing confidence in Lee's proven abilities to take charge of the executive branch.

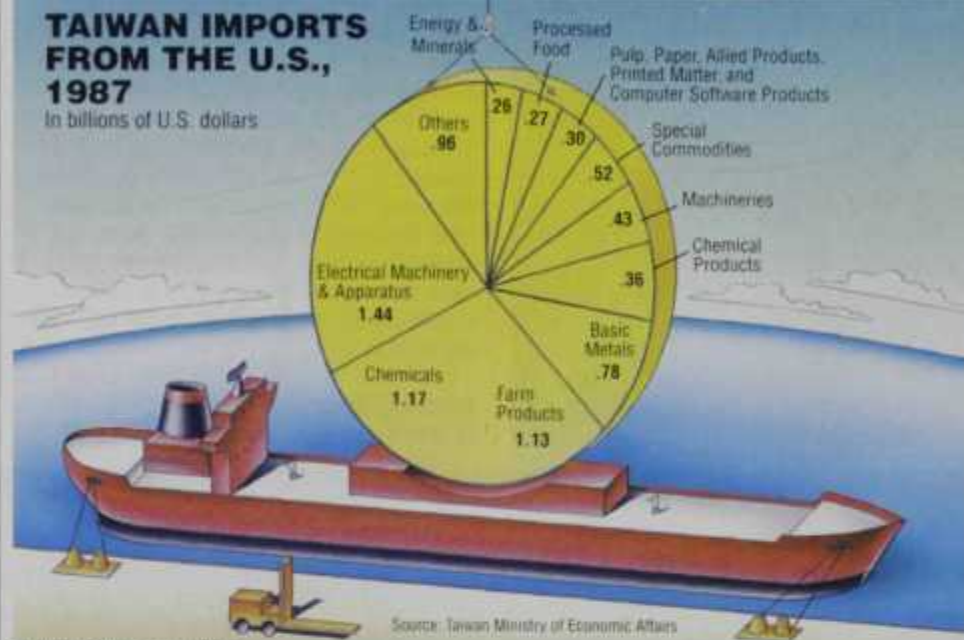
"And the public sees him as the most qualified political leader to help the Republic of China on Taiwan meet the rapidly changing political, social, and economic situations now confronting Taiwan."

Given his lifelong commitment to political democratization and education and his close links with the young generation in Taiwan, Lee Huan is ideally placed to lead the country toward an increasingly democratic and prosperous future.



TAIWAN IMPORTS FROM THE U.S., 1987

In billions of U.S. dollars



Source: Taiwan Ministry of Economic Affairs

CHART: DALE GLASGOW & ASSOCIATES



PHOTO: TAIWAN GOVERNMENT INFORMATION OFFICE

surplus with the U.S. through a series of bold monetary- and trade-policy initiatives.

The first and perhaps most pivotal change commenced several years ago when the value of the New Taiwan dollar was allowed to rise against its U.S. counterpart. Reordering the currencies along these lines makes Taiwan exports more expensive in the U.S. relative to the same products produced domestically. Similarly, it makes U.S. exports to Taiwan relatively less expensive.

Since 1985, when the realignment began, the value of the New Taiwan dollar has increased almost 50 percent—from 2.5 cents (U.S.) to about 3.7 cents. It took a while for the currency realignment to take effect fully, but Taiwan trade officials say the realignment has been a key factor in reducing their nation's trade surpluses with the U.S.

In March, the ROC government adopted a detailed four-year *Action Plan for Strengthening the Economic and Trade Ties with the United States*. Goals of the plan include reducing trade surpluses with the U.S. by 10 percent annually during 1989-92, reducing the U.S. share of Taiwan's exports to about one-third over this period, liberalizing and internationalizing Taiwan's economy, and seeking comprehensive rather than piecemeal solutions to bilateral trade problems.

The current edition of the *National Trade Estimate on Foreign Trade Barriers*, a U.S.-government publication that details unfair-trade complaints lodged against the nation's trading partners worldwide, says: "High tariffs have been Taiwan's principal import barrier. They account for the overwhelming proportion of U.S. firms' market-

access complaints about Taiwan. . . . [But] Taiwan has made considerable progress in reducing manufactured-product tariffs over the past several years, and these tariff reductions have resulted in expanded commercial opportunities for U.S. exporters."

To ensure even more progress in the area of tariff reductions, the action plan calls for reduction of the average effective duty rate from 5.66 percent to 3.5 percent. Special attention will be given to tariff reductions on America's most internationally competitive products.

The U.S. has been especially critical of Taiwan's tariffs on agriculture imports, but the Board of Foreign Trade's Chiang notes

that his nation has a big agriculture-trade deficit and is "the No. 1 importer of U.S. grain in the Far East." Overall, Taiwan is the world's No. 4 purchaser of U.S. agriculture products, says Vice Minister of Economic Affairs Wang Chien-Shien.

The action plan also calls for review and removal of almost all remaining non-tariff barriers to imports. For example, the government is developing a "Negative List," and only items on it will be subject to future import licensing.

Taiwan is striving under the plan to further open its service industries. Targeted industries include aviation and trucking, banking, insurance, and securities.

Of special concern to small and mid-



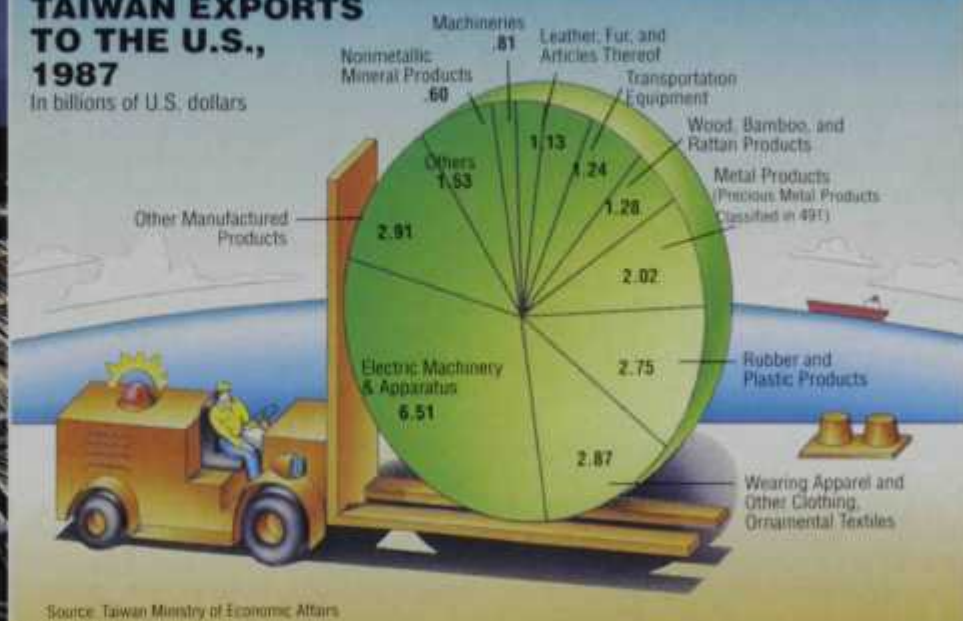
PHOTO: TAIWAN GOVERNMENT INFORMATION OFFICE



PHOTO: TAIWAN GOVERNMENT INFORMATION OFFICE

TAIWAN EXPORTS TO THE U.S., 1987

In billions of U.S. dollars



Source: Taiwan Ministry of Economic Affairs

CHART: DALE GLASGOW & ASSOCIATES

sized U.S. businesses, Taiwan is stepping up its already prodigious efforts to encourage purchases by the private and public sectors of American-made goods.

The China External Trade Development Council (CETRA), the ROC Federation of Industries and Commerce, and the Board of Foreign Trade will accelerate efforts to organize public- and private-sector buyers on Taiwan for the purpose of conducting trade missions to the U.S. and attending international trade missions held in America. The Government Information Office's Chung values purchases made during past missions at \$110 billion (U.S.).

Taiwan also has pledged its continued assistance to U.S. businesses seeking to

conduct market-research and promotional activities on the island. It will continue holding the U.S. Products Show in Taipei. According to the Board of Foreign Trade's Chiang, last year's show, with more than 300 U.S. firms participating, resulted in more than \$15 million of orders. The exhibit cost Taiwan about \$1.4 million in free space and materials, he adds.

Taiwan also will continue encouraging U.S. firms to participate in trade activities conducted at the Taipei World Trade Center complex. (See the story on Page 29.)

To spur imports from the U.S., Taiwan's Export-Import Bank recently began offering medium- and long-term loans at low interest rates to U.S. exporters of certain

goods and technologies. The program, known as the Fixed Rate Relending Facility, enables American exporters to extend favorable terms of credit to importers of their products on Taiwan. The program is a bank-to-bank effort between Taiwan's Eximbank and commercial banks abroad. Under the program, the Eximbank provides funds at a fixed rate to participating commercial banks for relending to clients who plan to export American goods to Taiwan on deferred-payment terms.

Taiwan once was known as the "pirate capital" of the world, and the current government also is placing the highest emphasis on dispelling this image.

A strict new copyright-protection statute is currently being drafted, and its enforcement will be an absolutely top priority, government officials promise. In support of the statute, courses on copyright law will be offered at Taiwan colleges and universities and to all police officers, and a court will be established to specialize in cases of intellectual property right violations.

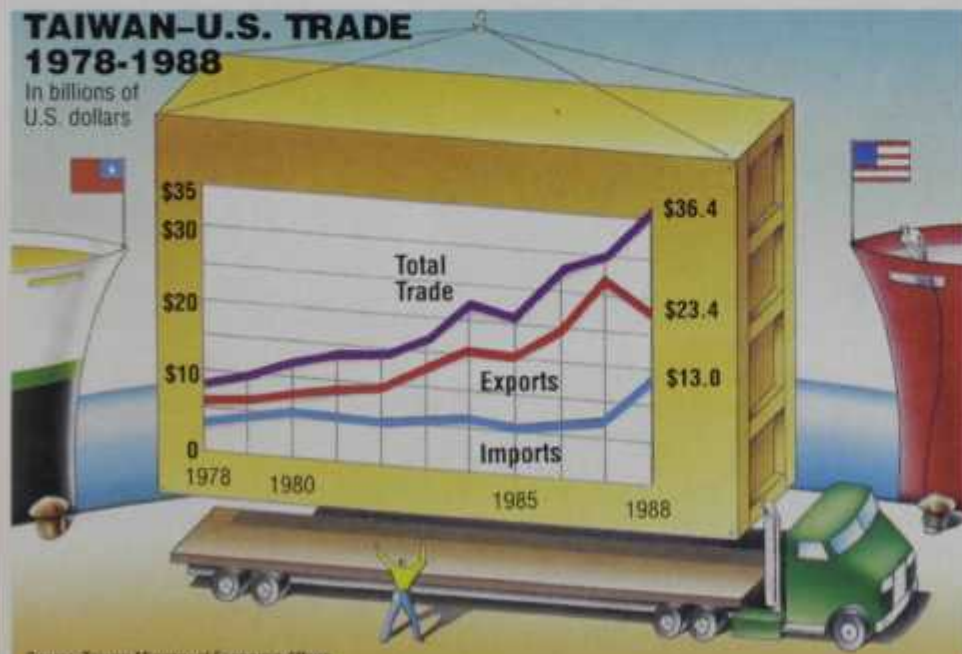
Similar safeguards are being formulated for intellectual properties such as movies, television, and videos as well as trademarks and patents.

The Board of Foreign Trade's Chiang sums up his country's action plan this way: "I don't see any country in the world that has done so much to favor U.S. businesses."

But no matter how much Taiwan seeks to favor U.S. businesses, government officials stress that American firms have to help themselves. "To succeed, we need the strong support of the U.S. side. I urge U.S. businesses to take advantage of the opportunities [my government is present-

TAIWAN-U.S. TRADE 1978-1988

In billions of U.S. dollars



Source: Taiwan Ministry of Economic Affairs

CHART: DALE GLASGOW & ASSOCIATES



ing] and pay more attention to this market," says the Council for Economic Planning and Development's Siew.

Domestic Problems Appear

Government officials are quick to acknowledge that far-reaching efforts to reduce Taiwan's trade surplus with America are neither selfless nor an effort merely to avoid being singled out in the future as an unfair trader under the so-called Super 301 provision of the 1988 U.S. trade law. "We are as concerned as [the U.S.] about the trade-imbalance situation," says Siew. "It has led to many domestic economic problems such as inflation."

As Taiwan's economy and trade volume have grown, so has per-capita income. During 1987-88 alone, average income grew from \$4,989 (U.S.) to \$6,053. The Ministry of Economic Affairs estimates that average incomes will rise to almost \$7,000 this year and to about \$20,000 by the turn of the century.

These wage increases coupled with increases in the relative value of the New Taiwan dollar have led some, including the Ministry of Economic Affairs' Wang, to join

the Council for Economic Planning and Development's Siew in worrying about increases in the consumer price index.

In 1988, the Taiwan CPI increased 1.28 percent, though the wholesale price index actually declined 1.58 percent. This year, Wang says, his government estimates that the CPI will rise about 5 percent. While increases of this magnitude can hardly be considered hyperinflation by U.S. standards, they clearly are worrisome by Taiwan's yardstick of stable or declining prices.

Also, despite rising incomes, labor activism on Taiwan has grown. This is attributable in part to the lifting of more than 30 years of martial law, in mid-1987, under the then-President Chiang Ching-kuo. Strikes are few in number and passive in nature compared with those in the other newly industrialized countries of Asia, notably the Republic of Korea. Still, recent strikes have adversely affected the auto, textile, and electronics industries. "We have no experience with these" types of labor disputes, says the Economic Ministry's Wang, in commenting about their worrisome nature.

But if labor disputes and rapid social change are worrisome, labor shortages make up an even bigger concern. The current unemployment rate is about 1.7 percent. In fact, the Government Information Office's Chung notes, about 5 percent of the work force is composed of illegal immigrants, mostly people who entered Taiwan on tourist visas and remained.

Chung also is concerned about the increasingly speculative nature of the Taiwan stock market. Fueled by Taiwan's red-hot economy, volume on the exchange currently is about \$90 billion a day, compared with a national budget of about \$700 billion a year. "Buying for investment is good," Chung laments, but, for the economy, buying speculatively is not.

Another current problem noted by Chung, the Economic Ministry's Wang, and other officials is the environmental degradation resulting from too much low-technology industrialization too fast. Protecting the environment against further decay is becoming a political problem, Wang says. "Formosa Plastics Co. recently was pressured to make a \$1.3 billion investment in the U.S. [a petrochemical plant in Texas]

Beijing Massacre Stuns Taiwan

Among the victims of the recent assault by communist troops on the people of Beijing may have been the increasing contacts between the people of the Chinese mainland and their kin on Taiwan.

The fatal shots fired on pro-democracy students and workers occupying Tiananmen Square by the troops of the senior Chinese communist leader Deng Xiaoping reverberated more on Taiwan than anywhere else outside mainland China. The people on Taiwan, some kin to those massacred, were moved to "incomparable grief, indignation, and shock" by the "mad action" of Communist troops, says Lee Teng-hui, president of the Republic of China (ROC) on Taiwan.

And these strong feelings could sharply set back the informal exchanges between Taiwan and the mainland that had been increasing recently.

More important to the mainland Chinese, with per-capita income only about one-twentieth that of the people on Taiwan, indirect trade across the Taiwan Straits had been growing—to \$2.72 billion (U.S.) in 1988, up 80 percent from the previous year.



PHOTO: TAIWAN GOVERNMENT INFORMATION OFFICE
The Chiang Kai-shek memorial in Taipei honors the first president of Taiwan and others who abandoned

While just under \$3 billion is not much commerce in absolute terms, the fact that orderly trade could be conducted between two groups still technically at war served to feed the dream that one day the vast natural and human resources of the main-

land could be joined for trade purposes with the business and technical know-how and currency reserves of Taiwan.

land could be joined for trade purposes with the business and technical know-how and currency reserves of Taiwan. That dream may have been shattered for years to come by the Tiananmen Square nightmare.

Hsinchu Science Park Filling Research Void

Wang Chien-Shien seemed both satisfied and regretful recently in commenting that 98 percent of businesses on Taiwan are small or midsized.

Wang, vice minister of Economic Affairs of the Republic of China (ROC) on Taiwan, clearly was comfortable that small businesses can be counted on to produce steady economic growth. Yet he lamented that only a handful of entrepreneurial firms on Taiwan or elsewhere can afford to devote resources to research-and-development projects.

The ROC government is filling its research-and-development vacuum at the Science-based Industrial Park (SIP), the first high-technology-oriented industrial park in Asia.

The park, located on over 5,000 acres at Hsinchu, about 50 miles southwest of Taipei, is a product of the conviction that technological breakthroughs are most likely to occur in the presence of academics, scientists, and industrialists.

The National Tsinghua University and the National Chiao Tung University have campuses at the park.

Both of these universities feature undergraduate curriculums in engineering, and the former also offers degrees in the basic sciences and the latter degrees in management science.

Pure research is conducted by the Taiwan Industrial Technology Research Institute, an umbrella organization that coordinates industrial research-and-development efforts of the Union Chemical Laboratories, Electronics Research and Service Organization, and more.

Industries within the park are primarily involved in the information and automa-

The Taiwan government is filling its research-and-development vacuum at the Science-based Industrial Park (SIP), the first industrial park in Asia oriented toward high technology. The 5,000-acre park is located at Hsinchu.

tion, electronics, communications, and material-sciences industries.

Foreign investors in the SIP are accorded even more favorable treatment than their counterparts from Taiwan.

Incentives to foreign investors include the following:

Investment Options

- The Bank of Communications and the China Development Fund will invest in up to 49 percent of the shares in joint ventures upon foreign investors' requests.

- Foreign investors may own any percentage—100 percent if they wish—of enterprises on Taiwan.

Privileges

- Foreign investors may apply for foreign-exchange settlements to convert and remit all net profits and interest without restrictions.

- Low-interest-rate loans are available to foreign investors.

Tax Breaks

- Five-consecutive-year tax holidays are available within the first nine years of operation in the park. After that, the top tax rate on earnings will be 22 percent.

- Raw materials and semi-finished products are exempt from import and export taxes.

- Machinery and equipment may be imported duty-free.



PHOTOS: TAIWAN GOVERNMENT INFORMATION OFFICE



PHOTO: TAIWAN GOVERNMENT INFORMATION OFFICE



because of the anti-pollution lobby," he notes.

The Quest For High Technology

Taiwan's policy solutions to these domestic problems center on promoting research and development geared toward high-technology industries. And this policy also creates opportunities for aggressive U.S. businesses and investors.

The international consulting firm Arthur D. Little recently conducted a comprehensive evaluation of Taiwan's potential for space-age industrial development and cited seven industries as having the most potential: aviation and aerospace, biology, special-purpose chemicals, high-priced consumer goods, space-age industrial materials, information, and pollution control and abatement equipment. The study was conducted for Taiwan's Industrial Development Bureau.

Under Taiwan's 10th four-year economic plan, 1990-93, the government will help local low-tech industries convert to these or other "star industries," says Fredrick F. Chien, chairman of the Council for Economic Planning and Development. Under this program, government will target export assistance to the star industries, which Chien defines as those requiring little energy, producing little pollution, and utilizing a high level of automation and value-added production.

"Government's support of high-technology enterprises has to increase," affirms the Council for Economic Planning and Development's Siew.

Among the steps that Siew advocates are the following: making research-and-development expenditures tax-deductible; providing means through which Taiwan banks can provide loans to potential investors; and opening up more Silicon Valley

types of industrial parks. (See the related story on Page 35.)

The best investment opportunities for U.S. firms are in the areas of capital goods and high technology—that is, machine tools and information systems—notes the Board of Foreign Trade's Chiang. The U.S. "has very good technology, and you are more open with it than the Japanese."

One of the best summaries of trade and investment for American companies was advanced at a recent meeting in Washington of the Asia-Pacific chambers of commerce. Said Joseph Coffman, president of the management consulting firm Investec Taiwan Ltd. and of the American Chamber of Commerce on Taiwan: "Despite its problems and [America's] remaining problems with it, the Republic of China on Taiwan is perhaps the best place in the world and certainly the best place in the Far East for U.S. exporters and investors."

Taiwan Travel Tips

Visas. Every visitor to the Republic of China (ROC) on Taiwan must obtain a visa from a consulate or an authorized representative organization. In the U.S., this representative is the Coordination Council for North American Affairs, with offices in Atlanta, Boston, Chicago, Honolulu, Kansas City, Los Angeles, Miami, New York, San Francisco, Seattle, and Washington.

Language. Mandarin Chinese is the official language on Taiwan, but a variation of the Fukien dialect is widely spoken outside of major cities. English is spoken by many business people and service employees—but not by most taxi drivers.

Currency. The New Taiwan dollar (NT\$) is the official currency on Taiwan. Most hotels, restaurants, and stores accept credit cards.

Local Time, Business Hours. Time on Taiwan is eight hours ahead of Greenwich Mean Time and 13 hours ahead of Eastern Standard Time. Businesses customarily are open 9 a.m. to 5 p.m. Monday through Friday and 9 a.m. to noon Saturday. Government offices are open 8:30 a.m. to 12:30 p.m. and 1:30 p.m. to 5:30 p.m. weekdays and 8:30 a.m. to 12:30 p.m. Saturday. Banks are open 9:00 a.m. to 3:30 p.m. weekdays and 9 a.m. to noon Saturday.



ILLUSTRATION: MARY CZAPKIN

Clothing. Taiwan is in the tropics and feels it. It is humid year-round. Mean temperature ranges are the mid-50s to mid-70s (Fahrenheit) in winter and about 20 degrees warmer in summer, but it usually feels warmer. Business dress, especially in summer, is not as formal as in some countries, but when in doubt, wear a suit and tie.

Transportation. Metered taxis are everywhere in Taipei and other major cities. And they are cheap by U.S. standards. You can take a seemingly endless ride for less than \$10, though the trip from Chiang Kai-shek International Airport to downtown Taipei is

about \$30. Cities are linked by inexpensive buses and trains.

Business Cards. Exchanging cards is an important element of the business ritual on Taiwan; carry more cards than you think you can distribute. If possible, have cards printed in English and Chinese. (Printers on Taiwan can do this in a few days.)

Hotels. There are hotels on Taiwan in every price range. When you get to the airport, get the Taiwan Hotel and Restaurant Guide, published by the Taiwan Visitor's Association, for a listing.

Food And Drink. There's plenty of Western food available on Taiwan—but who would want it? All of the varied cuisines of China can be found in abundance on Taiwan and at reasonable prices. Most larger restaurants offer Western-style cutlery, but you may want to practice using chop sticks before you head East. If you like a brew or two after work, be sure to try Taiwan beer.

Tipping. Tipping is not customary on Taiwan unless you're given extraordinary service. But it's OK to give bellhops about \$1 per piece of luggage and to tell cabbies and the like to "keep the change." Most hotels and restaurants add a 10 percent service charge to their bills.

Be Sure To Allow Sightseeing Time



PHOTOS: TAIWAN GOVERNMENT INFORMATION OFFICE

Be sure to allow plenty of time for sightseeing before, during, or after your first business trip to the Republic of China (ROC) on Taiwan. You'll need plenty of time because there is much more to enjoy than you might expect of an island the size of the state of New Hampshire.

The capital city, Taipei, is an enchanting blend of giant office buildings and small shops, wide boulevards and narrow lanes and alleys, department stores and chic boutiques and street markets.

You'll have fun shopping in Taipei's department stores and shopping malls, but you'll have a great time browsing in one or more of the city's exotic night markets. The newest and largest of them is the Joaoho Street Night Market—it opens after dark and remains open most of the night—with hundreds of food, craft, and merchandise stalls.

For more formal sightseeing, the city's most renowned attraction is the National

the Shihmen Dam and Reservoir lake resort and a wildlife park of almost 200 acres.

Central Taiwan is the island's rice basket, where much of its fruits, vegetables, rice, tea, and other commodities are grown.

To the west lies the coast of the Taiwan Straits, separating Taiwan from the Chinese mainland, and to the east stand the soaring peaks of the Central Range of mountains.

To the southwest lie Tainan, known as the "City of a Hundred Temples," and Taiwan's two largest lakes—Coral Lake and the Tsengwen Reservoir.

Farther south still is Kaohsiung—the island's second-largest city, a major industrial center, and largest international port. And at the southern tip of Taiwan is Kenting National Park, featuring a 125-acre bo-



tanical garden and a world-class beach resort.

This description only touches on the tremendous natural and cultural diversity of Taiwan. When you visit Taipei, stop by the government's Tourism Bureau, on the 9th floor at 280 Chunghsiao E. Road, Section 4, for more information on planning a sightseeing or adventure excursion.

TAIWAN AT A GLANCE



POPULATION

Taiwan area	19,928,162
Kinman & Matsu	50,462



BIRTH RATE (only Taiwan area)

1985	1.80%
1986	1.59
1987	1.80
1988	1.72



LIFE EXPECTANCY (years)

1986	Male	70.97
	Female	75.88
1987	Male	71.09
	Female	76.31



LABOR FORCE:

	Labor participation rate
1985	59.49%
1986	60.37
1987	60.93
1988	60.21



UNEMPLOYMENT RATE

1985	2.91%
1986	2.66
1987	1.97
1988	1.69



ECONOMIC GROWTH

1986	11.65%
1987	11.86
1988	7.33 (p)
1989	6.81 (f)



CHANGES IN PRICE (indices)

	Changes in wholesale price index
1985	-2.60%
1986	-3.34
1987	-3.25
1988	-1.56

	Changes in consumer price index
1985	-0.17%
1986	+0.70
1987	+0.52
1988	+1.28



GNP

	(at current prices, U.S. \$ million)
1986	74,355
1987	99,278
1988	119,661 (p)
1989	137,043 (f)



PER CAPITA GNP (U.S. \$)

1986	3,841
1987	5,075
1988	6,053 (p)
1989	6,870 (f)



TOURISM

Overseas Chinese & Foreign Visitors to Taiwan

1985	1,451,659
1986	1,610,385
1987	1,760,948
1988	1,935,134
1989 Jan.	174,795

Tourists Going Abroad

1985	846,789
1986	812,928
1987	1,058,410
1988	1,601,992
1989 Jan.	113,501

SOURCE: TAIWAN DIRECTORATE GENERAL OF BUDGET, ACCOUNTING & STATISTICS
Note: (p) Preliminary, (f) Forecast

CHART: DALE SLAGGOW & ASSOCIATES



Palace Museum, located a few miles north of the opulent Grand Hotel, which is a sight in itself. When the mainland was lost to Chinese communists in 1949, the best of the artifacts from 5,000 years of Chinese history—the original collection of the National Palace Museum in Beijing—were shipped to Taiwan.

Not far from the city, along the north shore of Taiwan, are the exotic rock formations at Yehliu and the beautiful white-sand beaches of the Northeast Coast National Scenic Area. Just south of town is Wulai, an enclave of the ancient Atayal tribe of aborigines. A bit farther south are

T A I W A N



PHOTO: TAIWAN GOVERNMENT INFORMATION OFFICE

Bridging The Trade And Travel Information Gap

UNITED STATES

Chicago

Coordination Council for North American Affairs (CCNAA)
Commercial Division
8th Floor, 20 North Clark St.
Chicago, Ill. 60602
Tel.: (312) 332-2535
Fax: (312) 332-0847

Far East Trade Service Inc.
Suite 272, The Merchandise Mart
Chicago, Ill. 60654
Tel.: (312) 321-9338
Fax: (312) 321-1635

Houston

Commercial Division, CCNAA
Suite 2150, 1360 Post Oak Blvd.
Houston, Texas 77056
Tel.: (713) 961-9794
Fax: (713) 961-9809

Los Angeles

Commercial Division, CCNAA
Suite 918, 3660 Wilshire Blvd.
Los Angeles, Calif. 90010
Tel.: (213) 380-3644
Fax: (213) 380-3407

New York

China External Trade Development Council Inc.
14th Floor, 41 Madison Ave.
New York, N.Y. 10010
Tel.: (212) 532-7055
Fax: (212) 213-4189

Investment and Trade Office, CCNAA
8th Floor, 126 East 56th St.
New York, N.Y. 10022
Tel.: (212) 750-2340
Fax: (212) 826-3615

San Francisco

Far East Trade Service Inc.
Suite 603, 555 Montgomery St.
San Francisco, Calif. 94111-2564
Tel.: (415) 788-4304, -4305
Fax: (415) 788-0468

Washington, D.C.

Economic Division, Coordinating Committee for North American Affairs
Suite 420, 4301 Connecticut Ave., N.W.
Washington, D.C. 20008
Tel.: (202) 686-6400
Fax: (202) 363-6294

TAIWAN

Hsinchu

Hsinchu Science Industrial Park
3, Shing An Road
Hsinchu, Taiwan
Tel.: (03) 577-3310
Fax: (03) 577-6222

Kaohsiung City

Kaohsiung Export Processing Zone
2, Chung-Ti Road
Kaohsiung City, Taiwan
Tel.: (07) 821-7141
Fax: (07) 831-0897

Nantze Export Processing Zone
250 Chiachang Road, Nantze
Kaohsiung City, Taiwan
Tel.: (07) 321-2121
Fax: (07) 361-4348

Taichung Hsien

Taichung Export Processing Zone
1, Chienkuo Road, Taitze Hsiang
Taichung Hsien, Taiwan
Tel.: (04) 532-2113, -2117
Fax: (04) 539-9200

Taipei

American Institute in Taiwan
7, Lane 134, Hsinyi Road
Sec. 3, Taipei, Taiwan
Tel.: (02) 709-2000, 713-2571

China External Trade Development Council
Marketing Information Department
9th Floor, 201 Tun Hwa N. Road
Taipei, Taiwan
Tel.: (02) 715-1515/Fax: 716-8785

Export Processing Zone Administration
7th Floor, 90 Nanyang St.
Taipei, Taiwan
Tel.: (02) 331-0012
Fax: (02) 331-0020

Government Information Office
3, Chunghsiao E. Road
Sec. 1, Taipei, Taiwan
Tel.: (02) 341-9211
Fax: (02) 341-6252

International Cooperation Department
Ministry of Economic Affairs
5th Floor, 277, Roosevelt Road
Sec. 3, Taipei, Taiwan
Tel.: (02) 391-8198

Investec (Taiwan) Ltd.
14th Floor, 147 Chien Kuo N. Road
Sec. 2, Taipei, Taiwan
Tel.: (02) 503-6226
Fax: (02) 501-4753

Medium and Small Business Administration
Ministry of Economic Affairs
3rd Floor, 658, Tunhwa S. Road
Sec. 1, Taipei, Taiwan
Tel.: (02) 704-9470

Ministry of Economic Affairs
15, Fochow St.
Taipei, Taiwan
Tel.: (02) 351-7271
Fax: (02) 291-9398

Ministry of Finance
2, Aikuo W. Road
Taipei, Taiwan
Tel.: (02) 351-1611

Ministry of Foreign Affairs
2, Chichshou Road
Taipei, Taiwan
Tel.: (02) 311-8292

Taipei World Trade Center
5 Hsinyi Road
Sec. 5, Taipei, Taiwan
Tel.: (02) 725-1111
Fax: (02) 725-1314

Discovering The Power of LOTUS 1-2-3



IN JUST ONE DAY,
LEARN NEW TIPS AND
TRICKS ABOUT THE WORLD'S MOST POPULAR SPREADSHEET PROGRAM.

Attend our intensive seminar and learn how to:

- Debug spreadsheets and protect their data.
- Use Lotus' powerful function commands.
- Print spreadsheets in attractive formats.
- Construct professional-looking graphs and other visuals.

- Make macros work for you.
- Build databases from spreadsheets.

One low fee also includes a comprehensive workbook full of tips, techniques, and references and a one-year subscription to "Nation's Business" magazine, the how-to manual for small business managers.

SEMINAR RESERVATION FORM



For INSTANT REGISTRATION CALL (212) 312-6880
(For express service refer to preferred customer code 831NB.)
OR mail reservation form to:

Dun & Bradstreet Business Education Services — P.O. Box 3734, New York, New York, 10008-3734. For additional information call (212) 312-6865.

Make check payable to Dun & Bradstreet Business Education Services.

☐ Check Enclosed ☐ Bill me ☐ Bill my credit card: ☐ AE ☐ Visa ☐ MC

Card No. _____ Exp. Date _____

Signature _____ Title _____

Name _____ Company _____

Address _____

City _____ State _____ Zip _____

PLAN TO ATTEND

AT THESE LOCATIONS:

- ☐ September 18 St. Paul, Minnesota
- ☐ September 19 Bloomington, Minnesota
- ☐ September 20 Chicago, Illinois
- ☐ September 21 Arlington Heights, Illinois
- ☐ October 2 Little Rock, Arkansas
- ☐ October 3 Knoxville, Tennessee
- ☐ October 4 Atlanta, Georgia
- ☐ October 5 College Park, Georgia
- ☐ October 30 Albuquerque, New Mexico
- ☐ October 31 El Paso, Texas
- ☐ November 1 Tulsa, Oklahoma
- ☐ November 2 New Orleans, Louisiana

Seminar Fee:

\$125 Chamber Member

\$160 Non-Member

☐ Please reserve
registration @ \$ _____

Brought to you by

Nation's Business

Produced by

Dun & Bradstreet
Business Education Services

© The Dun & Bradstreet
Corporation Foundation

Dun & Bradstreet Corporation Foundation
Business Education Services
(Dun & Bradstreet)

Family Business

Not Your Typical Family-Business Wife

By Sharon Nelton

Elsewhere on this page, John Ward and Laurel Sorenson point out the valuable roles that "traditional" wives play in family businesses.

Their comments made me think about my parents, Bill and Mary Forthman. My mother might have been the more typical family-business wife, but fate stepped in, in a very cruel way, and changed her relationship to Creative Arts, the business that Dad had started in the mid-1950s. It was a statuary- and gift-manufacturing company, located first in Miami and later in Sebring, Fla.

At the age of 42, Mom had a



PHOTO: TING CHAO

stroke that paralyzed her right side. Several of the nurses at the hospital seemed convinced she would die. They didn't know my mother.

She was home from the hospital in a month. Speech gradually returned, and in three months she took her first hesitant steps. She still walks with a limp, leaning on my father for support if she is outdoors. She never regained the use of her right arm or hand. But she and Dad—and the business—gained something else instead.

Mom never returned to the secretarial job she had before her stroke—the job that supported our

Sharon Nelton, Nation's Business special correspondent, writes about family firms.

family for several years while Dad strained to make the business successful during its bumpy start. About six months into her convalescence, Dad took her down to "the shop."

"I thought she could answer the phone a little and that it might be good therapy for her," he says.

Little by little, she took over the office tasks. She learned to type better with one hand than I do with two. Where my father was hot-tempered, she was cool, bringing an emotional balance to the operation. Eventually, she oversaw the administration entirely, freeing Dad to run design and manufacturing.

"She showed a lot of inner strength that I never knew she possessed," says Dad. "There was no giving up, no feeling sorry for herself. She was going to whip that thing. And she did."

How does she account for that? "My will to live," she answers simply.

Had things been otherwise, my mother might have gone on doing secretarial work for someone else. But life dictated a different choice, and she created a career for herself, one that she says was better because "it was for ourselves. We weren't working for anybody else."

Now retired, my parents say that working together did something else for them: It strengthened their marriage.

Dad, who turns 79 this month, says: "There's something in this relationship between us that I never thought could exist between two people. It's a love like I never knew existed."

My mother doesn't say anything. Instead she reaches for the Kleenex. And so do I.

The Role Of "Mom"

By John L. Ward and Laurel S. Sorenson

Diane Rubin has no title and no desk at Phototype Color Graphics Inc., a commercial printing company in Pennsauken, N.J. Yet she is a vital part of the business.

Regularly she stops by to "visit" employees, including her two sons and her husband, Joel Rubin, company president. Occasionally she takes on special projects, such as organizing marketing seminars. A professional writer, she hunts for business reading material for her husband. She also acts as his sounding board.

"Diane knows what makes people respond," says Joel Rubin, who credits her with improving employee relations by encouraging the use of praise more often than criticism. "She's a great resource."

Joel Rubin is not the only president whose wife is a behind-the-scenes adviser. Traditionally, women in family-owned businesses play many subtle roles: spouse, parent, in-law, family leader, business associate.

These roles are fundamental to family and business strength because they contribute to stability and togetherness. An effective wife and mother creates calm and caring; symbolically, she stands for unity. In doing so, she fosters teamwork and communication.

To be sure, in more recent years women have also contributed more professional skills, such as marketing, finance, and management. Many have founded their own firms. In some companies, women continue their more traditional roles alongside modern tasks. In others, men take up the slack.

In still other companies, however, the business dimensions of personal roles

John L. Ward is the Ralph Marotta professor of private enterprise at Loyola University of Chicago and a consultant to family businesses. Laurel S. Sorenson is a writer based in Wilton, Conn. They wrote the book Keeping the Family Business Healthy (Jossey-Bass, San Francisco).

Annual Family-Owned Business Conference



Your Family-Owned Business:

HOW TO

- BUILD IT
- MANAGE IT
- MAKE IT LAST

September 21-23, 1989

Loews Ventana Canyon Resort
Tucson, Arizona

October 5-7, 1989

Pinehurst Hotel & Country Club
Pinehurst, North Carolina

October 12-14, 1989

Marriott at Sawgrass Resort
Jacksonville, Florida

January 18-20, 1990

Westin La Paloma
Tucson, Arizona

February 8-10, 1990

Carambola Beach Hotel
St. Croix, U.S. Virgin Islands

Seating is limited to 50 participants per conference.
For more information, call:

1-800-521-1818

Sponsors:



Laventhol & Horwath

Certified Public Accountants/Business Consultants

**SHEARSON
LEHMAN
HUTTON**

An American Express company



Nation'sBusiness

The Family-Owned Business

For the founder or owner, a legacy.
For the family, an opportunity.

While the family business involves challenges unlike any other business, it also presents opportunities. The potential for family members to achieve personal fulfillment and financial independence is substantial.

Still, only 30% of all first generation family businesses are successfully passed on to following generations. In the second and third generations, the odds of succession decrease to only 15%. A properly developed succession strategy can spell the difference between the eventual success or failure of your business.

This conference is designed to help family members achieve their goals while preparing the next generation for perpetuating the business.

Guided by a team of the country's leading authorities on the family-owned business, you will learn:

- How to position your business for the future through the planning process.
- How to realize the potential of your business by helping family members work through conflicts and function more effectively.
- How to create a succession strategy to prepare future generations for management, ensure a smooth transfer of ownership, and secure a comfortable retirement for the owner.

Not

By Sharon Elsewhere and Lat valuabl wives p Their about n Forthma been th ness wil very cru lationshi ness tha 1950s. I manufa first in Fla.

At th

Conference Sessions

Dr. Peter Davis
Director of the Division of Family Business Studies at the Wharton School and Senior Advisor to Laventhol & Horwath's Family Business Consulting Division

Dr. Davis is one of the country's leading authorities on family-owned business issues. In 1981 he founded the Wharton Family Business Program, the first such business school program in the nation.

As a consultant, teacher and researcher, Dr. Davis specializes in succession planning and management of family-held businesses. One of his first publications on concepts governing change in family businesses has become a classic in the field.

Dr. Davis is a frequent speaker to family-owned business groups worldwide and is often quoted by the national press on family business issues. Dr. Davis is cited in "Who's Who in the East" and "Who's Who in Business and Finance."



Dr. Davis

Keynote Address:
The World of the Family Business

Dr. Peter Davis

Dr. Peter Davis will provide an overview of the issues confronting family businesses today.

Often viewed as problems, family ties and family values can become business assets. The idea is to nurture the unique opportunity presented by combining family and business.

Dr. Davis will answer questions such as: How do I develop a productive working relationship with my family? Should I be working in the family business or should I look for outside opportunities? What should I do about my managerial style? What do I do when I get stuck with family relationships that don't work? How do successful family businesses do it?

This session will help family members devise a roadmap and obtain a clear understanding of their company's complex dynamics. Dr. Davis will also show how to maximize your business' potential by helping you develop skills to manage problems and set more realistic personal and professional goals.

PHOTO: TING CH

stroke ti Several seemed They did She w a month and in t first hes with a li support regained hand. B business stead.

Mom t atial j stroke—

Sharon special about fa

C onference Sites

Choose from these five exceptional resorts — all featured in the 1989 edition of "Great Golf Resorts of the World." Chairman of the Resort Selection Committee is Jack Nicklaus.



Loews Ventana Canyon Resort Tucson, Arizona

September 21-23, 1989

Located on a plateau high above the city of Tucson, The Loews Ventana's 93 acres offer access to an exquisitely beautiful and fragile land. This extraordinary resort offers luxurious accommodations, four restaurants, a night club, tennis courts, outdoor pools, hiking/jogging trails, fitness center and horseback riding. All this in addition to golf on the beautiful Canyon Course.

Marriott at Sawgrass Resort Jacksonville, Florida October 12-14, 1989

The magnificent 4,800-acre Marriott at Sawgrass features 99 incredible holes of golf on five championship courses. Set against the spectacular beauty of the marsh and woodlands of Ponte Vedra Beach, the Marriott offers 33 tennis courts, two and a half miles of Atlantic beachfront, and lush tropical landscaping complete with natural lagoons.



Carambola Beach Hotel St. Croix, U.S. Virgin Islands

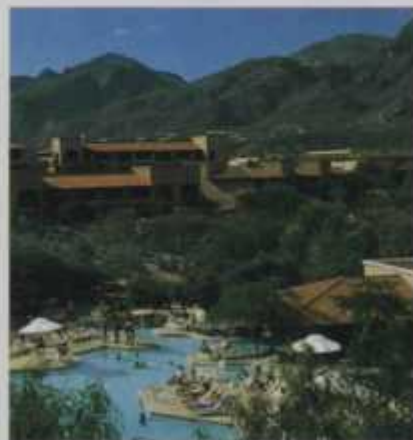
February 8-10, 1990

With its lakes, palms, bougainvillea and mountainous background, it's little wonder that Robert Trent Jones called the Carambola golf course the "loveliest" he'd ever designed. The newest of the "Rockresorts" is one of the most beautiful places you may ever visit. The Carambola Beach has spacious rooms with screened-in porches, three restaurants, lounge, tennis courts, swimming pool, and a beachfront that offers scuba diving, snorkeling and boating.

Pinehurst Hotel & Country Club

Pinehurst, North Carolina
October 5-7, 1989

Amidst fresh air and tall pines, Pinehurst Hotel and Country Club has a history as rich in heritage as the South itself. It was etched in the North Carolina sandhills almost a century ago and is the home of the Golf Hall of Fame. Styled along the lines of an old New England village, Pinehurst offers outdoor pools, tennis courts, riding and gun clubs, and a 200-acre lake for water sports.



Westin La Paloma

Tucson, Arizona
January 18-20, 1990

Set in the desert Southwest, La Paloma's architecture echoes its natural surroundings. Majestic arches reminiscent of old Spanish missions link the past with the present. The resort boasts five restaurants, championship golf, tennis, swimming pool and health club, with horseback riding available nearby.

Registration Information

Registration fees include all conference sessions, a workbook containing presentation materials submitted by speakers, cocktail reception, breakfasts, luncheons, dinners, coffee breaks, and use of health club facilities, where applicable, until the conclusion of the conference.

The fee includes two nights' deluxe accommodations (Thursday and Friday). Each hotel has agreed to make preferred rates available to attendees wishing to extend their stay. All arrangements must be made through conference registration.

Transportation costs, such as airline tickets and all incidental charges, are not included.

Fees are as follows:

Family (two persons, double occupancy)	\$1900
One individual (single occupancy)	\$1200
Additional adult family members (double occupancy)	\$900

Tax Deductions

Some of the costs of this conference may qualify as tax deductions.

Airline Reservations

"Great Golf Resorts of the World" has negotiated special airline discounts for conference attendees. Please call "Great Golf Resorts of the World" at 1-800-446-2108 and identify yourself as a Family-Owned Business Conference attendee.

Cancellation Policy

Refunds for cancellations are as follows:

With 14 days' notice, you will receive a 100% refund.

No refunds or credits will be given to registrants who cancel later than 14 days prior to the first day of the conference.

To Register:

Please fill out the form below, detach and mail to Mary L. Howard, Laventhol & Horwath, 1845 Walnut Street — 18th Floor, Philadelphia, PA 19103. Upon registration for the conference, each registrant will receive a confirmation notice by mail.

For assistance with room reservations, call Mary Howard at (215) 299-1889 or 1-800-521-1818.

Make checks payable to Laventhol & Horwath. Most major credit cards accepted. All fees must be paid at time of registration.

PLEASE MAKE YOUR RESERVATIONS AS SOON AS POSSIBLE, AS SEATING IS LIMITED TO 50 ATTENDEES PER CONFERENCE.

Registration Form

Please cut along dotted line.

Please complete and mail to Laventhol & Horwath, 1845 Walnut Street — 18th Floor, Philadelphia, PA 19103.
Attention: Mary L. Howard

PLEASE ENTER _____ REGISTRATION(S) FOR THE FOLLOWING FAMILY-OWNED BUSINESS CONFERENCE:

☐ Loews Ventana
Canyon Resort
Tucson, Arizona
September 21-23, 1989

☐ Pinehurst Hotel &
Country Club
Pinehurst, North Carolina
October 5-7, 1989

☐ Marriott at
Sawgrass Resort
Jacksonville, Florida
October 12-14, 1989

☐ Westin La Paloma
Tucson, Arizona
January 18-20, 1990

☐ Carambola
Beach Hotel
St. Croix, U.S.
Virgin Islands
February 8-10, 1990

(Please type or print)

NAME _____

NAME _____

TITLE _____

TITLE _____

COMPANY _____

NAME _____

ADDRESS _____

TITLE _____

CITY _____ STATE _____ ZIP _____

NAME _____

BUSINESS TELEPHONE _____

TITLE _____

Please enclose a check for the appropriate amount for each participant, payable to Laventhol & Horwath. Most major credit cards accepted.

For further information, contact Mary L. Howard at (215) 299-1889 or 1-800-521-1818.

☐ Mastercard ☐ Visa ☐ Other _____

ACCOUNT NO. _____

EXPIRATION DATE _____

An author's reflections on her own mother's courage top this roundup of family-business matters. Also included are tips for recognizing and fostering a mother's many roles in a family firm, and for avoiding the hazards of keeping too many family-business secrets.



Joel and Diane Rubin conduct a kitchen conference; at the office, he is company president, she is his behind-the-scenes adviser.

are dropped. And that can be a mistake. When such dimensions are missing—as when “Mom” dies—the company is hobbled, even more so than when the founder passes on. Sibling rivalries may intensify. Key decisions lag. The business loses its family feeling.

As a result, because of their immense business value, these personal roles—traditionally played by women—should be acknowledged and encouraged. Here's how some of these roles work:

Spouse. An entrepreneur's spouse often acts as his confidante, usually on issues of character and human perception. Frequently she assumes the responsibility of raising the children, freeing him for business demands. Later in life, she may help him prepare for retirement by introducing him to new activities.

Family leader. A strong family leader ensures that traditions such as birthdays, anniversaries, and holidays are maintained. She also works to create pure “family time” with rules such as, “Let's not talk business tonight.” These actions strengthen the family bond, in turn creating energy that can flow into the business.

Parent. A founder with children in the business must be a father as well as a

boss. A perceptive mother can help him play these dual roles—especially in planning for succession. “As dynamic as my husband is, it's hard for him to give up the reins,” says Yetta Hoffman, wife of Al Hoffman, president of a Chicago wholesale security-hardware concern that bears the family name. In their talks, Yetta encourages Al to hand more responsibility to three “children” who are in the business.

In-law. As newcomers to the family business, children's spouses may rock the boat if they misunderstand family culture. Mom can ease tensions by offering a genuine welcome—as well as interpretations. Conversations explaining the family can occur at lunch or on a shopping trip or sporting expedition. They go a long way toward creating a more understanding family.

Business associate. The wives of many founders have a specific job in the business, from overseeing company coffers to writing the employee newsletter. Others regularly drop by the business just to say hello. Either way, their presence is an important demonstration of the family's commitment to the business.

Here are some ways to help Mom play her various roles:

Mom needs to be informed. Information is vital to perceptive observers. Mom should receive company mailings and invitations to board meetings. She should know key business advisers and

be familiar with plans for the business in the event of her husband's death.

Mom needs to participate. Watching the family business from a distance is no fun. Mom should be able to take part in board meetings, convention trips, trade associations, and even dinners with prospective employees and customers. Her presence will strengthen the company's sense of family—while sharpening her awareness of business needs.

Mom needs emotional support. She should have the opportunity to meet wives of other entrepreneurs. She needs time alone with her husband, and she deserves time by herself, too. Perhaps most of all, she needs appreciation and recognition.

Tell your wife or mother she's important!

Mark Your Calendar

September-February

“Your Family-Owned Business: How To Build It, Manage It, Make It Last,” a seminar sponsored by *Nation's Business*, Laventhol & Horwath, and Shearson Lehman Hutton, is offered five times beginning in September. Speakers include Peter Davis, director of family-business studies at the Wharton School of the University of Pennsylvania; *Nation's Business* Special Correspondent Sharon Nelton; and Ronald H. Drucker, national partner, Laventhol & Horwath. The dates are Sept. 21-23, Tucson, Ariz.; Oct. 5-7, Pinehurst, N.C.; Oct. 12-14, Jacksonville, Fla.; Jan. 18-20, Tucson; and Feb. 8-10, St. Croix, U.S. Virgin Islands.

For information, contact Mary L. Howard at Laventhol & Horwath; (215) 299-1889 or (800) 521-1818.

Continued on the next page.

Mark Your Calendar

Aug. 27-31, Philadelphia

"The Next Generation of Family Members in Family-Held Businesses," a seminar for young adult family members and their spouses. Contact the Division of Family Business Studies, Sol C. Snider Entrepreneurial Center, The Wharton School, University of Pennsylvania, 426 Vance Hall, 3733 Spruce St., Philadelphia, Pa. 19104; (215) 898-4470.

Sept. 7-9, Park City, Utah

"Assessing, Understanding and Developing Your Family-Owned Business," a workshop aimed at helping decision makers create action plans for continued family and business success. Write or call Dyer, Peay & Associates, 2696 North University Ave., Suite 290, Provo, Utah 84604; (801) 375-0751.

Oct. 4-7, Davis, Calif.

"Ownership, Control and Family Dynamics," the annual conference of the Family Firm Institute. New members are welcome to this professional organization of lawyers, accountants, consultants, and others who serve family businesses. Write or call the Family Firm Institute, P.O. Box 476, Johnstown, N.Y. 12095; (518) 762-3853.

Oct. 5-6, Atlanta

"Managing the Family in Business," a course emphasizing the development of succession plans, sound business practices, and management skills. Write or call Education Extension, Georgia Institute of Technology, Atlanta, Ga. 30332-0385; (404) 894-2547.

Oct. 5-7, Cassopolis, Mich.

"The Family Business Experience," a seminar that addresses succession and estate planning and helps founders deal with the issue of how to be loving parents. Membership in the Chief Executive Officers Club is required. For information, write or call the Center for Entrepreneurial Management Inc., 180 Varick St., Penthouse, New York, N.Y. 10014-4604; (212) 633-0060.

THE FAMILY BUSINESS

Do You Keep Too Many Secrets?

By Benjamin Benson

Family-business owners have a reputation for being secretive. But keeping secrets is not always best for your business—or your family.

Picture a football coach trying to inspire his team at halftime:

Coach: We can win this game if we all pull together as a team.

Player: It would help, Coach, if we knew where the goal line was.

Coach: Don't worry. I'll let you know when you're getting close.

Player: But we don't even know the score.

Coach: You don't have to know it. Just do your job.

It sounds ridiculous, doesn't it? Yet versions of this dialogue are played out daily in countless family businesses. Ask the boss about his views on religion, politics, or sex, and you may get candid answers. Just don't bring up any forbidden topics, such as the company's financial statements or his plans for the business. Instead of clear signals from management, employees must depend on the company grapevine, with all of its distortions.

And don't think that this attitude is directed only toward employees. A son working in his family's firm once told me: "I'm committing my life to this

Benjamin Benson, a family-business consultant based in Swampscott, Mass., is coauthor of the book Your Family Business: A Success Guide for Growth and Survival, to be published by Dow Jones-Irwin this fall.

business, yet I don't know Dad's plans for retirement, his thoughts about a successor, or who will own the stock when he dies. I don't dare bring it up, though, because it will make me look unappreciative and greedy."

Of course, this behavior doesn't apply to all owners. Many are able to build open, effective organizations.

Why, then, do so many others play it so close to the vest? Is it out of fear that competitors would benefit if they had access to inside information? Or that employees would leave if they knew how bad business was—or would want a bigger piece of the pie if they knew how much money the business was making?

Despite the risks they have taken, some owners feel guilty about accumulating a disproportionate amount of wealth compared with their employees. Others have an inordinate need for control. When the business is in its infancy, they get involved in every aspect of the operation, down to the smallest detail. When it gets too big to allow that level of involvement, they maintain control by being the almighty source of information, the "keeper of the secrets."

Such behavior prohibits the team building that is essential to creating a lasting business.

People need information to do their jobs properly; in well-managed businesses, information is complete, timely, straightforward, and widely disseminated.

Research shows that the secretive approach leads to low employee morale, substandard performance, and ulti-

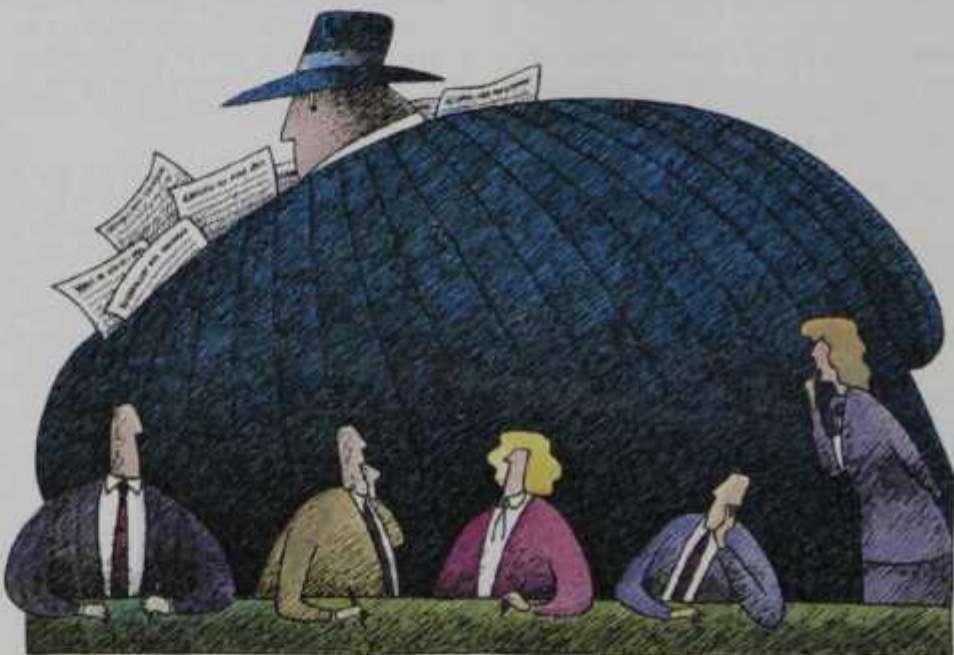


ILLUSTRATION: DAVID CHEN

TAKE THE FAX WITH YOU.



When you're out of the office, aren't there times you'd like to have your fax machine with you? Now you can. With the AT&T 3410D TRIMLINE™ Fax. It's portable. So you can send a fax from almost anywhere.

And wherever you are, you get 24-hour "hot line" service from AT&T. The company that set the standard for network quality and reliability.

To find out more about the complete line of AT&T fax machines, call **1 800 247-1212** Ext. 131.



AT&T

The right choice.

THE FAMILY BUSINESS

Do You Keep Too Many Secrets?

mately to the loss of high performers who tire of mind-reading and guessing games.

It also leads to family conflict, as misconceptions develop and ill feeling festers.

I believe many owners would change their secretive styles if they realized how destructive such styles are to their enterprises and their families. If you are one of those owners, here are some ways for you to begin:

Create a strategic business plan. Many owners find it difficult to share their vision for the company with employees and family members because they often don't have a clear picture themselves. You can start to shape your company's future by creating a strategic business plan—a living document that will drive daily operations for the next three to five years, subject to periodic fine-tuning and modification.

Begin with a retreat of two or three days with your key managers. Together, establish goals, identify strategies,

and assign responsibilities (with timetables). This process will help you to focus your resources in an organized way, and you won't have to rely on "seat-of-the-pants" management.

When its content is communicated throughout the organization, your strategic plan can be a real "turn-on" as employees get a clear understanding of the company's goals and how their jobs fit into the greater picture.

Be a listener. Many owners are better at giving orders than at listening. The company of one such owner was experiencing a sales decline. Members of the sales force knew why but could not bring themselves to tell the boss. "He doesn't want to hear anything that conflicts with his view of the situation," one salesman lamented.

Overemphasis on secrecy usually works both ways, and if you are secretive, you may be cutting off important upstream information.

Make it easy for your employees to share their views with you and to dis-

agree with you. After all, they may be right.

Establish two-way performance evaluations. Many bosses assign a task and say, "If you mess up, you'll hear from me. Otherwise, assume you're doing OK."

If you want to enhance employee performance and commitment, there's a better way: Establish a performance-evaluation process with a written evaluation for every employee, including family members. It begins with a definition of their job responsibilities and objectives—arrived at with their participation—and is periodically followed by a constructive assessment of their progress.

All employees want to know what is expected of them, how they are doing, and how they can improve their performance. This is vital information, too, and it should be shared, not kept inside the head of the business owner.

Encourage open communication in the family. You don't have to carry the entire burden of the family/business relationship. It's your family's responsibility, too.

Developing a family "constitution" that defines the family's relationship to the business can be an important step in opening the lines of communication.

Encourage discussion. Listen to your family's concerns. Meet the important issues head-on and establish policies concerning them.

These may include the family's ultimate plans for the business, management succession, the owner's retirement plans, rules regarding family members' participation in the business, and plans for the next generation's ownership of stock.

If you can face up to these issues together as a family, you stand a better chance of keeping misunderstandings from heating up into severe conflict.

These suggestions probably involve more structure than you are accustomed to, and if you're inclined to be secretive, they may make you uncomfortable.

However, as you move toward the openness recommended here, you will probably find that it can have a profound and positive influence on the success of your business and the harmony of your family.

To order reprints of these articles, see Page 73.

The insurance renewal process, problem or solution?

In today's business insurance environment, a well-managed renewal process can result in lower premiums, better coverage—or both. Whether you involve one broker or many, it takes a professional approach to get the most out of your renewal.

By helping to manage the insurance renewal process, Tillinghast has brought such rewards to hundreds of companies.

We sell no insurance. As the leading risk management consulting firm, we work for you:

- Defining your insurance needs • Focusing brokers' attention on those precise needs
- Evaluating options and recommending the best for you.

For more information or an introduction to a professional in one of our 15 offices nationwide, call toll free 1-800-331-6692.



Tillinghast

a Towers Perrin company

Nation's Business TODAY



THE BUSINESS PROS TEAM UP WITH ESPN

*TO COVER THE POWER PLAYS
IN WASHINGTON • ON WALL STREET •
AND AROUND THE WORLD*

Why does the foremost sports cable network offer two hours of business news each morning? Because ESPN knows that their fans wake up to face the challenge of reality: Making a living. Second-guessing the boss. Cutting deals. Outdistancing the competition. Streamlining the company for a world-class challenge. Nation's Business Today anchors Carl Grant and Meryl Comer, backed by a team of national and international correspondents, bring you live,

complete coverage of the latest economic and financial news. Plus special reports: Money Matters. Small Business Report. CEO Closeup. Today on Capitol Hill. International Business Line. Business Travel Tips. So to find out how entrepreneurs and captains of industry can play in the same league and stay ahead of the game... Tune in to Nation's Business Today on ESPN. Weekdays from 6:30-8:30 a.m. (EST) on ESPN.

Nation's Business
TODAY

Weekdays 6:30-8:30 a.m. (ET, PT) on **ESPN**

Putting Your Best Self Forward

By Sharon Nelton

Friends tell Lillian Brown: "You flunked retirement."

It's a good thing she did. Without her, hundreds of business executives might still be mumbling during speeches or wearing the wrong color suit on television. Without Lillian Brown's expert advice, Texas State Treasurer Ann Richards might not have made such a powerful impression in delivering the keynote address at the 1988 Democratic convention, or Sen. Barbara A. Mikulski might not have learned the art of dressing for public appearances.

A Washington media consultant, Brown has spent 30 years behind the scenes, making the famous and not-so-famous presentable for television and for public appearances. She has been television makeup artist to five U.S. presidents, from John F. Kennedy through Jimmy Carter. "I did Kennedy both as senator and as president," she says, "and I still do Carter for conventions."

Brown also did Lyndon B. Johnson's makeup in both the Senate and the White House, and she was Lady Bird Johnson's makeup artist when she was first lady. Even today, Brown says, "When she's in town, Lady Bird calls on me to do her makeup."

Brown turns 75 this month, but there's no stopping her. In July, she came out with her first book, *Your Public Best* (Newmarket Press, \$19.95), a guide to making successful public appearances. It covers everything from how to deal with a balding head on television (powder it) to handling stage fright (one tip: rehearse, rehearse, rehearse).

Edwin Newman, author and former NBC news correspondent, wrote the foreword; he and Brown are longtime friends. Blurbs come from syndicated columnist James J. Kilpatrick; Richard L. Leshner, president of the U.S. Chamber of Commerce; and Barbara Mikulski ("Lillian's advice helped make me look 10 years younger and 10 pounds thinner!").

The proliferation of the media, particularly cable television, means that business people are getting more public exposure than ever before, Brown says. "The big corporations recognize this, and that's why people like me are so busy working with them," she says. "They don't want their spokespersons to go on the air and be embarrassed."

In the mid-1950s, Brown, a former schoolteacher, produced two public-ser-

vice television programs on a volunteer basis—one on historic Virginia mansions for the Arlington County, Va., school system, and the other on the churchgoing habits of U.S. presidents for the National Council of Churches.

Those programs catapulted her into a career. She spent the next 20 years as director of radio and television for universities in Washington—first at George Washington University and

PHOTO: T. MICHAEL KEZA



At home with the cameras, Lillian Brown recommends midrange colors—like the blue she's wearing—for public appearances.

Lillian Brown, TV makeup artist for presidents past, has written a book containing pointers for business people who want to look—and speak—their best.

then at American University—winning seven of the television industry's Emmy Awards along the way.

In the early years at GWU, Brown did the makeup for her guests, often experimenting with theater makeup. CBS liked what it saw. One day in 1957, CBS called Brown and offered her \$14 if she would do the makeup for Speaker of the House Sam Rayburn for a special program. She has worked part time for



Like the four U.S. presidents before him, Jimmy Carter turned to Brown for television makeup during his term in office.

the CBS News Washington Bureau ever since, touching up the faces of broadcasters such as Walter Cronkite, Dan Rather, and Diane Sawyer—now for about 10 times the fee she received 32 years ago.

A free-lance media consultant and makeup artist since 1976, Brown does the makeup for the U.S. Chamber's syndicated television program, "It's Your Business," and has conducted workshops for clients such as the Chemical Manufacturers Association, the Hill and Knowlton public-relations firm, and Cunard/NAC.

Asked what three main points she would make to a business person faced with making a public appearance for the first time, she offered these:

Make the most of the first five seconds. That's when people form their first impressions of you. Try to convey an air of dignity, authority, confidence,

and trust. Wear your best clothes, keep them plain so they don't detract from you, and remember that colors in the middle ranges, such as blue and gray, are the most flattering. "They photograph beautifully," Brown says.

Make the most of your voice. "It is the tool you use to transmit that message to your audience," Brown writes in her book. You can improve speech with proper breathing or by slowing down and pronouncing consonants distinctly. Don't be afraid to take speech lessons. Most good broadcasters have had years of voice training, she says.

Prepare, prepare, prepare. Ann Richards didn't simply walk out on stage and make that speech, Brown says. Many people worked with her on it. Brown herself studied 10 hours of videotapes of other Richards speeches in order to offer analysis and criticism of Richards' appearance. Brown found out how the podium would be lighted and where the cameras would be placed, and she spent four days shopping for the right dress for her.

Brown views herself as a support person. "I have no wish to be in the spotlight," she says.

But *Your Public Best* is changing all that. It has been picked as a selection of two business-oriented book clubs, and Brown is set for a national book-promotion tour.

Most of her adult life she has been telling other people what to do on the platform. "Now," Brown chuckles, "I'm the person on the platform, and I have to practice what I preach. That's going to be a challenge."

For More Information

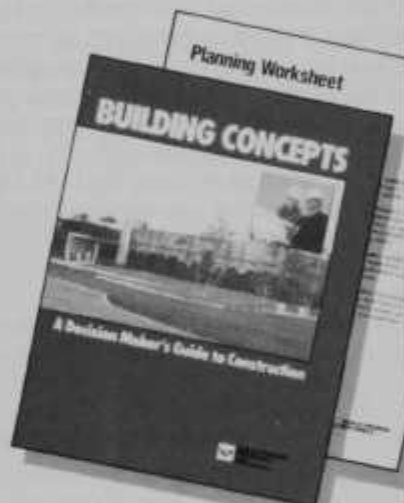
Media consultant Lillian Brown is one of the instructors of the U.S. Chamber of Commerce Communicator Workshops, which train business people in skills such as public speaking, handling news conferences, and testifying at congressional hearings.

Programs can be tailored to fit your company's specific communication needs.

For information, contact Suzi Montes de Oca, BizNet, U.S. Chamber of Commerce, 1615 H Street, N.W., Washington, D.C. 20062; (202) 463-5921. **NB**

Are you planning to build?

If you have made the decision to expand, establish or re-locate your business, you know there are thousands of details to consider. VP Buildings can help. We'll send you the planning guide, "Building Concepts," plus a special planning worksheet, and it's all free. Call or write for yours today! **1-800-238-3246.**



VARCO-PRUDEN BUILDINGS
AMCA INTERNATIONAL

Built On Superior Service

FREE! "Building Concepts" and the Planning Worksheet

Mail to: Building Concepts Response Center
5100 Poplar/Suite 1400
Memphis, TN 38117-9683

NAME

TITLE

COMPANY

ADDRESS

CITY

COUNTY

STATE ZIP

PHONE ()

(2) NB-8/89

Opening Doors For Immigrants

By Joan C. Szabo

American business is pushing for immigration-law changes that would recognize the growing shortage of skilled workers in this country.

With the pool of American scientific, technological, and other specialized workers shrinking rapidly, competitive U.S. firms frequently must look to other countries for the personnel they need for developing new products and processes. Yet when firms try to move key foreign workers into companies here, they often encounter long delays, tangles of red tape, and regulatory hurdles arising from immigration law.

Many companies contend that the law is overly restrictive on employer-sponsored immigrants. Of total immigration to the U.S., only about 10 percent of permanent visas are available for employer-sponsored immigrants. "Under current law," says Daryl Buffenstein, a lawyer specializing in business immigration, "it is estimated that there is a backlog of over 100,000 employer-sponsored immigrants waiting to come into the U.S."

The quota for such immigrants now stands at 54,000 per year, and many business organizations, including the U.S. Chamber of Commerce, say the limit should be at least doubled. An increase of that size would shrink the backlog but not dissolve it entirely, because it has been growing.

"The situation has reached crisis proportions for the business community," says Buffenstein, who directs the national immigration practice group of Paul, Hastings, Janofsky and Walker. Buffenstein, who is based in that firm's Atlanta office, has testified before Congress on behalf of the U.S. Chamber, which is pressing for changes in immigration policy. He also is a director of the American Immigration Lawyers Association.

The Chamber has joined with other business organizations, including the National Foreign Trade Council, the American Council on International Personnel, the National Association of Manufacturers, and the American Immigration Lawyers Association, to help shape a more workable legal-immigration system.

The last major change in policy on admission of foreigners was the Immi-

gration Reform and Control Act of 1986, but that statute deals only with the complex issues of controlling illegal immigration. It is the legal-immigration law that many U.S. companies say must be made more flexible.

In Congress, Sen. Edward Kennedy, D-Mass., and Sen. Alan Simpson, R-Wyo., introduced the Immigration Act of 1989, designed to reform legal-immigration procedures. But the measure as

Specifically, the business organization recommended that the 54,000 quota for employer-sponsored immigrants be increased to at least 120,000 per year. Almost none of the new visas proposed by the original Kennedy-Simpson bill would have been allocated to employer-sponsored immigration. However, the bill as passed does contain an increase of employer-sponsored visas to approximately 85,000 a year.



PHOTO: JOEL FRIED-FOLDING INC.

It's hard to find skilled workers in the U.S. for certain fields—and hard, too, for companies to bring specialists here from other countries.

originally introduced did not address any of the major concerns of business, says Buffenstein. The bill was directed primarily at changing family-immigration categories and numbers, placing an overall cap on legal immigration, and establishing a point system to permit certain independent immigration.

However, amendments proposed by the U.S. Chamber and other business organizations were partially adopted in the bill, which recently was passed by the Senate.

The proposals were designed to help achieve a freer and more expeditious flow of employer-sponsored technical specialists and managers to the U.S.

Raising the quota, Buffenstein says, will help reduce the long delays that businesses experience when trying to bring in foreign specialists and managers. Albert Bourland, the Chamber's vice president for congressional relations, says, "Under present law, there are delays of more than two years in obtaining the permanent services of highly skilled foreign workers."

Frank D. Kittredge, president of the National Foreign Trade Council, recently told the immigration subcommittee of the Senate Judiciary Committee: "The ability to have the right person with the best technical or managerial skills in the right place at the best possible moment can make the difference between a successful project undertaken ahead of the foreign competitors and an also-ran position that might effectively close the U.S. company out of the market altogether."

Immigration quotas and red tape hamper American firms from bringing skilled workers to the U.S., and now business is urging Congress to ease certain restrictions.

By helping to launch new products or processes, advocates of immigration-law reform say, foreign personnel help create jobs for U.S. workers and market shares for U.S. firms.

Ronald Klasko, partner and chairman of the Immigration Group in the Philadelphia law firm of Dechert, Price & Rhoads, and president of the American Immigration Lawyers Association, says: "The quota system that we are dealing with may have made sense in the world of the 1960s, but it makes no sense today. We are in a globally competitive environment, and companies want to bring in the best people from around the world. In addition, it is an environment that is characterized by serious labor shortages."

Moreover, under present law, about 30,000 of the current 54,000 employer-sponsored visas are allotted to employees' family members, which means that only about 24,000 slots are actually available to employer-sponsored immigrants each year, says Klasko.

Sen. Simpson, cosponsor of the immigration-reform measure, said he is aware of the immigration problems that U.S. firms face, but he said that "if business needs more visas, they must help work to reduce the dominance of family-tied immigration. We can't just keep adding more visas." However, the Senate-passed bill now has added at least some of those visas.

"This is a very important development," Buffenstein says. "The needs of the business community should be understood and addressed legislatively as independent needs. This now has been done at least in part."

Simpson noted that under current law, 500,000 visas are set aside each year for legal immigration. About 90 percent are granted on the basis of the applicants' family relationships in the U.S. "I do not believe that our system should automatically grant preferential status to aliens whose relationships are as distant as brother-in-law, sister-in-law, niece, and nephew," Simpson said.

The Senate-passed bill also adds an independent category of immigrants without family ties. They would gain admission on the basis of a point system that would take into account their age, education, occupational skills, and other factors.

A new category of that sort, however, would not necessarily remove the roadblocks that many businesses encounter in trying to bring specific skilled employees into the U.S. "Business doesn't need this kind of independent visa category. This does not address the problem of trying to bring over a foreign specialist who is needed here by a U.S. firm," says Michael Copeland, manager of international

"Under current law, it is estimated that there is a backlog of over 100,000 employer-sponsored immigrants waiting to come into the U.S."

—IMMIGRATION EXPERT
DARYL BUFFENSTEIN

training and development for Procter & Gamble, in Cincinnati. What business really needs, many experts maintain, is a substantial increase in the number of employer-sponsored immigrant slots.

In addition, business favors retention of present policy that gives priority to professional-level immigrants when their specific skills are certified by the Labor Department as being in short supply. The Kennedy-Simpson bill would put professional workers in the same category as skilled workers and would reserve priority only for professionals with "advanced degrees."

But the U.S. Chamber does not favor such a change, says Bourland, since many of the professional-level immigrants needed by business to fill certified-shortage occupations do not have advanced degrees. The present preference system has served business reasonably well, Bourland adds, and

should continue to do so if the quota of employer-sponsored immigrants is increased.

The current U.S. immigration system puts the U.S. at a severe competitive disadvantage, Copeland says. "A technological breakthrough is only good for six months or so. We can lose that breakthrough if it takes over two years to bring the right foreign specialist to the U.S."

In contrast, Copeland notes, the countries of the European Community are not hampered by such rigid laws and regulations. He points out that if a French company needs a German engineer immediately, that engineer could start work the next day in France.

James Puleo, the Immigration and Naturalization Service's assistant commissioner for adjudication, says, "We understand that there must be some regulatory changes." The INS is devising regulations that are expected to reduce some problems associated with the temporary visas for intracompany transfers of personnel to the U.S.

But proposed regulations to improve the temporary-visas category governing foreign professionals have been delayed for several years. Puleo says this has happened because the AFL-CIO has persuaded Congress to place language in the agency's annual appropriation measure that delays implementation of the regulations. The fear is that business will attempt to bring in professionals to work for salaries lower than those that U.S. citizens would accept.

The Senate-passed bill now goes to the House for consideration. Experts say that it is most unlikely that the Senate version will pass the House without significant changes.

Even so, Buffenstein says, there now is increased understanding in Congress about the needs of the business community. "There is cause for optimism that developments in the House may be positive for business and for the overall economy," he says.

Emphasizing the need for quick action, immigration attorney Klasko says, "Congress must be responsive to the fact that American business needs foreign specialists and managers now—not four years from now." ■

LESSONS OF LEADERSHIP

Doing Good, Getting Well

By Michael Barrier

Bernard Salick has told the story, as he says, "a million times," but it sounds fresh as he tells it again. The story resists the mechanical patterns that can come with repeated tellings; and in some ways, the story is not over yet.

Salick, 49, a native of New York City's Lower East Side, is a doctor who has lived in Los Angeles since going there to attend medical school. Trained as a kidney specialist, he became a successful businessman after starting a chain of dialysis centers in 1972. In June 1983, he had just won a contract to set up one of his centers at Cedars-Sinai Medical Center in Beverly Hills.

PHOTO: © JIM MENDENHALL

Elizabeth, the middle of his three daughters, was 6 years old. "She had been complaining the day before of some pain in her knee," Salick recalls. "I came from a family where there was not too much illness around, and even though I'm a doctor, you don't relate it to your family. But she was complaining of a little pain, and my wife said, 'I'm going to take her to the pediatrician.' So she went there, and I was running around, with no concern."

Then Salick got a call from a radiologist, "who was very upset on the phone. He said, 'You'd better come over here right away; we've got a problem with Elizabeth.' I came in, and the guy

A crisis in Bernard Salick's family became the engine for a company seeking to transform care for cancer patients.

was in tears. He said, 'It could be an infection'—but to anybody who looked at the X-ray, it was obviously cancer. My life flipped, on the spot."

Salick scrambled to the University of Southern California, where he had studied medicine, and to the University of California at Los Angeles, where he was teaching in the medical school. "Within three hours, everybody in the city had looked at the X-rays and said, 'She's got to have an amputation, she's got bone cancer.'" The next day, he flew to New York to see Gerald Rosen, a cancer specialist at the Memorial Sloan-Kettering Cancer Center, and Rosen concurred.

Elizabeth's right leg was amputated above the knee in August 1983. Before the operation at UCLA's hospital, she went through chemotherapy, first at UCLA, and then as an outpatient at Sloan-Kettering. Salick was impressed by a difference between the two institutions: His daughter had to check into the UCLA hospital for a week to get the same chemotherapy she got in a day at Sloan-Kettering. In New York, she spent the night not in a hospital, but with her parents at a hotel. "I remember my wife and I sleeping in the hallways at UCLA," Salick says. "It was a terrible experience. Over the next few months, I was totally absorbed with the day-hospital approach, because, let's face it, I certainly didn't want to start thinking about whether my daughter was going to survive. It was much easier to think about what I could do about cancer therapy."

Salick soon became convinced that his success with having his dialysis centers open 24 hours a day, seven days a week, could be extended to cancer outpatient centers. (Where such centers existed, as at Sloan-Kettering, they were typically open only during normal office hours.) "I said to Jerry Rosen at Sloan-Kettering, 'Join me, we'll raise a lot of money, we'll go public, and we'll build these cancer centers around the country.'"

It has happened pretty much that

The red grid on Bernard Salick's shirt is used to put a cancer patient in proper alignment with this radiation therapy equipment at Cedars-Sinai Medical Center.



You're Only 45 Minutes Away From Success.



Executive Seminars in Sound can help you improve your management skills—and your bottom line—fast. Eight audio cassettes deliver practical, proven techniques that you can implement right away.

The 45-minute tapes cover:

1. How To Get Your Ideas Across
2. Your Role as a Decision Maker
3. Better Management of People
4. Mastering the Art of Delegating
5. Making the Most of Your Time
6. Organizing Your Plans and Planning Your Organization
7. Strategies of Moving Ahead
8. How to Live with Your Own Success

Listen in your car, at the office, at home or in your hotel room with convenient tapes in a compact binder. Then inspire your employees, control your schedule and prepare to enjoy your success.

You'll profit for a lifetime from a \$95 investment in Executive Seminars in Sound. If you're not convinced these tapes will make your life easier, just return them within 15 days for a full refund. Order your set today.



Try it for 15 days FREE

Guarantee: Send me "Executive Seminars in Sound." If not thoroughly satisfied, I can return it for a full refund.

☐ Check enclosed for \$95.

☐ Bill my credit card: ☐ AE ☐ VISA ☐ MC ☐ Choice

Card No. _____ Exp. Date _____

Signature _____ Title _____

Name _____ Company _____

Address _____

City _____ State _____ Zip _____

Nation's Business Executive Seminars Division, 1615 H Street, NW, Washington, D.C. 20062
California and D.C. residents, add sales tax.

Call Toll Free 1-800-345-8112 Pa. residents call 1-800-662-2224

Circle No. 75 on Reader Service Card.

NB0889

LESSONS OF LEADERSHIP

Doing Good, Getting Well

way. Rosen joined Salick as medical director of the new cancer centers in 1984. Salick Health Care Inc. raised \$18 million through its initial public offering in March 1985, and an additional \$30 million in 1986, through the sale of convertible bonds. Salick now has opened six cancer centers—one each in Beverly Hills and Philadelphia, and four in southern Florida—and a seventh is to open later this year in Palm Springs, Calif. Agreements have been signed that could lead in time to dozens more.

The company began operating its first center in 1985 at Cedars-Sinai, but it was not until January 1988 that the center occupied its permanent quarters there. Salick filled 53,000 square feet of mostly basement space with doctors' offices, laboratories, examination rooms, and radiation and chemotherapy facilities.

Patients enter past a reception desk

recorder. "Remember," Salick says, "the people who walk in here are very shaken up, and they've got to be here long periods of time, so you want to have it be an interesting environment."

The idea is to give cancer outpatients all the care they require, but conveniently and comfortably, so that jobs and daily lives are disrupted as little as possible. "In the old days," Salick says, "when you got cancer, you wrote your will and disappeared. Today, you say, 'Hey, I've got a busy schedule, I can't give up my job, I can't sit around in a doctor's office all day long.'"

At a Salick center, a patient can schedule chemotherapy on the weekend. A patient who suffers complications from chemotherapy in the middle of the night need not wait for hours at a hospital's emergency room, while doctors tend victims of gunshots and heart attacks, but can instead go to the can-

some eyes. One official of the National Cancer Institute has spoken, for instance, of "entrepreneurial endeavors... seducing and inducing doctors to bring patients into their local facility."

In response, Salick says that an explicitly for-profit orientation can help correct sloppy management practices that drag many nonprofit hospitals down. Typically, he says, nonprofit hospitals "operate their facilities in a terribly inefficient fashion. Nobody's cracking heads; nobody's watching if somebody goes home at 5 when they should have gone home at 5:30. When we operate a program, we have to watch every dollar."

But the larger issue, everyone agrees, is whether the search for profit unavoidably compromises the quality of care—an issue that Salick addresses by setting up his cancer centers only under the auspices of hospitals.

The doctors who practice at each center are not on Salick's payroll; they must instead be on the hospital's staff. The doctors bill patients individually for their services, and they pay Salick Health Care for the use of its office space and services. Doctors need not rent offices in the center if they choose not to, Salick says. And, he adds, a doctor in a Salick facility has a choice between using on-site equipment for X-rays or sending patients elsewhere for that service.

The hospital charges patients for their use of the Salick center as

it would charge them for their use of any other hospital facility.

It is thus the hospital, and not Salick Health Care, that ultimately controls both fees and quality of care. Most of the Salick cancer centers bear the parent hospital's name; Salick's name is on none of them.

"Our goal," Salick says, "is to affiliate with the larger teaching hospitals [which are overwhelmingly nonprofit]. They have radiation therapy departments; they have some level of cancer care," even if not for outpatients. "When we affiliate with top-notch institutions, we bring them the capital—which we can raise in industry, because



PHOTO: JAM MENDENHALL

at ground level, then take an elevator to a lower-level waiting room—which has no basement feeling to it, but is instead a two-story atrium, filled with light and color. The architects made the center open and even playful, snatching light and air at every opportunity.

In the wall next to the elevator that takes patients down to the waiting room, a large crack reveals a miniature building, receding in layers; one of the tiny rooms is filled with water and goldfish. In the chemotherapy section, where patients may spend 12 to 20 hours of a day getting treatment, the bed covers are in bright colors, and each cubicle has its own videocassette

Salick and Dr. Peter Julien review X-rays in the diagnostic radiology room at Salick Health Care's cancer center, an outpatient facility at Cedars-Sinai in Beverly Hills.

cer center and be treated quickly by nurses who specialize in cancer.

As the cancer centers have opened, Salick Health Care's operating revenues have shot up—from \$21.4 million in fiscal 1987 to more than \$38 million in 1988—and operating income has climbed accordingly, from \$3.9 million to \$6.9 million.

Salick's for-profit status is enough to make his whole operation suspect in

we're a public company—we use their staff, we have teaching programs affiliated with them, and we make a profit. I don't think there's anything wrong with that."

Through such arrangements, Salick believes, a balance can be struck that honors both economic efficiency and medicine's best traditions. "That's how you silence criticism," he says. "You have the very best people, and you charge competitive prices in the community."

But would economic efficiency be even better served, perhaps, if the Salick centers had fewer of what some people might regard as frills? He bristles at the idea.

"When a patient has cancer," he says, "you're not talking, in the majority of cases, about a one-week experience in the hospital. You're talking about a long-term course of therapy, an extremely painful process for patient and family."

When medicine adopts a "cattle-car" approach, he continues, "the patients' experience of the treatment facility is miserable. They have to wait a long time to get something done, they can't get a cup of coffee, they come into a real crummy room, they can't get anything on television that the kid wants to watch, everyone's upset—and you're talking about a one- or two-year experience."

"When a patient is coming in on a regular basis, if you don't focus on that patient's comfort, the first thing you find is noncompliance on the part of the patient."

To transform that experience, for patient and family alike, "you can do little things. How much does a VCR cost? Allowing the family to get a cup of coffee at night—what does that cost us? Giving the family member a sandwich during the day, when the mother is there with her kid and doesn't want to leave, because her kid is sick and throwing up—what does that cost us?"

The cost, Salick suggests, is minimal compared with the alternative: Putting patients in the hospital.

"If you keep them out of the hospital,

the costs are much cheaper. We don't put in frills; we don't give them a tie with a monogram on it. We make their lives a little more pleasant, and it works a lot better, because the family is enthusiastic to come. The patient is more cooperative. They take the medication."

The principle that Salick espouses is one that is familiar to many successful business people.

By providing a little extra service, a business can keep its customers coming back. And there's a special twist where cancer is concerned: In the treatment of cancer, the patient who keeps coming back for therapy and checkups is following a medical regimen designed to decrease the prospect for hospitalization and to increase chances for the eventual success of the treatment. Both of those results work to the benefit of the insurers and employers who are paying the bills.

As Salick is well aware, service cannot be a gimmick, but must arise out of genuine concern for the customer. He speaks of the free valet parking provided for patients at each center: "These

people pull up in the car, the kid's sick as a dog, he's throwing up, he's bald, he looks terrible, he feels terrible—they've got to hunt for a parking place for an hour? What frills?" Such services are not frills, he says, but "normal human ways of conducting business."

Blending efficiency with the best of care is not always easy, Salick acknowledges:

"It requires you to really be focused." And to "really be focused," it undoubtedly helps if you have gone through an experience with cancer as searing as his.

Elizabeth Salick was in chemotherapy for a year after her leg was amputated. She now wears a prosthesis that is replaced a couple of times a year, as she grows; she will turn 13 in September. She rides horses and otherwise does pretty much what a normal child her age would do.

"She'll let nothing restrict her from anything," her father says. "If you take a 6-year-old kid's leg off and put a prosthetic leg on, when she's 10 she doesn't remember that she had a real leg before."

"It's now been six years since the diagnosis was made. She's a wonderful kid. I've been very lucky." ■

Have You Ever Wanted To Know

How to expand your business?
How to incorporate?
How to get copyright protection?
How to motivate employees?
How to jazz up your marketing?
Whom to ask for capital?

Now You Can Find Out

Quickly and easily with **YOUR SMALL BUSINESS SURVIVAL GUIDE**.

From the respected **DIRECT LINE** column in Nation's Business magazine. This compact Survival Guide will give you countless ideas for improving your business.

COUPON

To order call (202) 463-5433, or mail this coupon to Diane Lewis, Nation's Business, 1615 H Street, N.W., Washington, D.C. 20062.

SINGLE BROCHURE QUANTITIES/RATES

1- 24 copies	\$3.00 each
25- 74 copies	\$2.75 each
75-124 copies	\$2.50 each
125-174 copies	\$2.25 each
175-225 copies	\$2.00 each

- ☐ Payment Enclosed
☐ Bill my credit card (\$10.00 minimum)
☐ AE ☐ MC ☐ VISA ☐ CHOICE

Card Number _____ Exp. Date _____

Signature _____

Name _____

Title _____

Address _____

City _____ State _____ Zip _____

NB0889

Another Medium For The Message

By Leila Davis

Telephone tag is a nuisance game that business people no longer have to play. The frustration of being unable to reach the person you're calling—and being unreachable for those who are calling you—is being eliminated by voice mail.

Voice messaging, or voice mail, is a relatively simple, computer-linked technology for recording, storing, retrieving, and forwarding phone messages. It is called voice mail because the messages are spoken and left in an electronic "mailbox," where they remain until they are retrieved.

The time savings and the communication improvements attributable to use of voice-mail systems have been impressive for many companies. At Gor-

don Food Service, a food-distribution company in Grand Rapids, Mich., the results have been demonstrable, says David A. Vickery, manager of communications services. Gordon Food, which has 1,300 employees, two years ago installed a CINDI voice-mail system from Genesis Electronics Corp. of Folsom, Calif. The system, which cost \$40,000 at the time but could be purchased now for about \$25,000, was acquired for use primarily by its sales personnel. "We have 190 salespeople in the field," Vickery explains, "and they say that voice mail saves them at least an hour a day." Since the salespeople typically

make about \$50 per hour, Vickery figures there has been "a pretty good return for us on our investment in voice messaging."

Chuck Lamb, owner of Century 21 Lamb Realtors, in Northridge, Calif., installed an \$18,000 voice-mail system at his firm three years ago. He saw immediate savings of \$26,000, he says, through a reduction of demand for multiple receptionists and through various productivity gains. He chose the system from Votan of Fremont, Calif., because it was less expensive than systems offered by some larger vendors but still had the features he needed.

Like a telephone-answering machine, a voice-mail system can take messages from callers and store them indefinitely. But voice mail differs from an answering machine in several ways. Voice-mail calls can be longer than

Voice mail saves time at Gordon Food Service, says David Vickery, center, shown with Diane Gerard, Toni C. Fox, John Ashley, and Brian Smith.

Leila Davis is a free-lance writer in Alexandria, Va.

PHOTO: © BRIAN D. MARCK



Voice mail, a technology for recording, storing, retrieving, and forwarding phone messages, is saving employees' time, improving responsiveness, and cutting costs for many companies.

those on some answering machines, for example, and the original contact with voice mail is usually with someone such as a receptionist. The receptionist in effect arranges for the caller to leave a recorded message if the person is not available. Another difference is that a caller can leave a message on voice mail while the person being called is on the phone with someone else. When the message has been received, the user—the person who has an electronic mailbox—also can add comments to that message and then forward both messages to a third party's mailbox.

Voice mail is more secure than an answering machine, since users' mailboxes can be unlocked only by punching in the correct access code from a touch-tone phone.

Certain related technologies are frequently confused with voice mail. One is the automated attendant, an add-on feature for having a phone answered in the absence of a receptionist. Such a feature has proved useful for the 30 real-estate agents at Century 21 Lamb Realtors. The firm's Votan voice-mail system has an automated attendant that is used only after business hours. "We don't want to have a machine answer our phone during the day," says Chuck Lamb. "The receptionist puts callers through to the agent's mailbox if he is out with another client. After hours, people are pleased to have the phone answered at all and don't mind the machine."

Rick Macnamara of Gold Coast Computing, in Secaucus, N.J., gives his callers a choice during regular business hours. Callers may leave their orders or catalog requests on voice mail, or they may choose to talk to an employee. The choice, Macnamara says, gives the caller control. The customer won't mind the machine, he says, "if you set it up so the caller has an out, can talk to a live person, or leave a message for a person." And the machine lets customers call around the clock—so important for night-shift workers and callers from abroad—giving the business extra working hours.

Other related but separate technologies include audiotext, which allows a caller to phone in for a specific piece of

pre-recorded information, and voice response, through which the caller can ask for a range of information or can complete transactions through the company's database.

Most voice-mail systems attach to the PBX, or telephone switch that connects all phones in a company or other principal unit with outside phone lines; this enables the voice-mail system to work for any phone attached to the switch. Voice-mail systems of this type range in cost from about \$7,000 to over \$100,000, depending on the numbers of lines and features.

Less expensive systems are PC-based and are priced from a few hundred to a couple of thousand dollars. These systems are more limited, handling one or two lines, and require more technical expertise to install. But regardless of the size or type of system, companies

that use voice mail typically report productivity gains.

At Biggs/Gilmore Advertising in Kalamazoo, Mich., the time savings offered by voice messaging are crucial to the fast-paced business. Donald DeGroot, senior vice president, says voice mail lets account executives give each client more attention since they aren't spending hours trying to get through to people and aren't interrupted by calls during client conferences.

Chuck Lamb says clients of his California real-estate firm appreciate the message accuracy that voice mail affords them. "You know the person hears exactly what you leave," he says. "The names aren't wrong, the phone number isn't wrong. And the agent can hear whether the client is angry, anxious, urgent."

Field sales personnel at Gordon Food

If A Computer Answers, Don't Hang Up

Just as business people are beginning to get used to voice mail, they are faced with voice response—a machine that understands requests tapped in on a touch-tone phone, talks to a computer, and then talks back to you.

Voice response is being used increasingly by businesses that frequently receive customer requests for information contained in the company database—information that may be unique to the caller's account, may change often, or is too complex to be recorded on a simple information line.

Voice-response systems get access to information the same way a computer terminal does, but instead of presenting it on a screen, the system reads it over the phone line, using pre-recorded voice vocabulary.

At Fort Wayne National Bank, in Fort Wayne, Ind., customers calling for information often sidetracked employees from serving customers in the bank. "We looked at voice response, liked it, and decided we couldn't go wrong for the money," says Brian Sprunger, vice president and manager

of the bank's business systems.

Eighty percent of the bank's telephone inquiries were for basic facts such as account balances, interest payments, and loan information. These are now handled by Infobot, a voice-response system from Syntellect Inc., in Phoenix, Ariz. Through advertisements, the bank promotes the Infobot as an extra level of customer service.

"It taps into our existing database," says Sprunger. "Anything we can get on a CRT screen, we can train the Infobot to read. And it was very easy to set up." The bank's four-port (four phone lines) Infobot cost \$30,000, he says.

The bank has found that its voice-response system reduces employees' telephone tasks. Sprunger hopes that Infobot will be doing even more in the future. "Right now, with our current mainframe," he says, "we have a hardware limitation on the amount of records we can keep on-line. We are upgrading that mainframe, and when we do, we hope to use Infobot to transfer funds from one account to another and to provide bill paying by phone."

MANAGING YOUR BUSINESS

Another Medium For The Message

Service call the main office several times a day, leaving their orders and questions on voice mail without competing with scores of others who also may be trying to reach the ordering and shipping departments. Those departments then retrieve the orders and later put their replies into salespeople's mailboxes.

When salespeople call their mailboxes, they can learn the disposition of the orders they've placed and also find out other information, such as whether items are unavailable, prices have changed, or promotional programs are under way. Their customers' orders can be adjusted within minutes or hours rather than days.

Gordon also sells mailboxes on its system to large food vendors such as Sara Lee and Hormel. It gives the vendors faster access to Gordon salespeople and enables the vendors to leave messages about prices, specials, and product promotions.

The key areas to evaluate in voice mail are the number of ports—phone lines—that the system handles, the system's compatibility with your PBX, the number of hours of storage that it can hold, and the number of users it will support, says consultant Steven Kropper, who follows the voice-mail industry for the Yankee Group, a Boston-based market-research and consulting firm.

Kropper advises smaller businesses, which often need technical support locally, to choose a vendor that offers

local service and support through a reseller or distributor. "Make sure the reseller has been in business a while and knows how to train people," he says. "Features should be the second consideration, and price the third."

The three-person office of Rick Macnamara's Gold Coast Computing sells software and computer furniture through a direct-mail catalog. "Wat-



PHOTO: ALAN SCHOW

Rick Macnamara's callers can talk to a person or a machine.

son," his voice-mail system, takes the phone orders and catalog requests that come in 24 hours a day. The system handles the calls via a modem, letting the PC be used for other computing functions.

The system at Gold Coast consists of a PC circuit board and software, made by Natural Microsystems of Natick, Mass. It cost Macnamara about \$400 to install the system on a PC in his office. A PBX-based system with four ports

would cost "about \$7,000 or \$8,000," he says. "You get great value, great features, and great support. You won't get that with a low-end PC-based system, but you won't pay \$8,000 either."

Natural Microsystems, like many of the PC-based voice-mail vendors, offers a telephone hot line but no local support. "You need to be prepared to do some work yourself," Macnamara adds.

At the opposite end of the technical spectrum are the voice-mail service bureaus, which offer extensive support and training, and generally a wide range of features, at a cost somewhat higher than the PBX-based systems. The service bureau connects to the business's PBX through a remote link and takes care of all technical details of the system.

Service bureaus charge a business a monthly fee for each mailbox, which can range from \$15 to \$35, depending on the vendor, the number of mailboxes, and the features requested.

According to Kropper at the Yankee Group, the price differential is less for smaller businesses than for larger companies. "With 20 users, a service bureau averages about \$27 per month per user, while customer-premises voice mail averages about \$21," he says. "A 40-user company will pay \$25 per user for a service bureau, \$11 for customer-premises equipment. By the time you get to 600 users, it only costs about \$4 per month per user for your own equipment, versus \$16 per month for a service bureau."

A service bureau can function as a voice-mail network for a smaller business, however, and it also can be a solution for companies with multiple sites that want to share a voice-mail system.

Many companies start with a service bureau and then switch to their own hardware within two years. A company may do this not only to hold down expenses, say industry experts, but also to acclimate their employees to voice mail by taking the extensive training offered by service bureaus.

Service bureaus are devoted to training because their revenues depend on how many users they can get and keep on the system, although hardware vendors do offer training through their resellers, says David Keeler, a voice-mail industry analyst at Dataquest, a market-research consulting firm in San Jose, Calif.

"The level of training does vary, so make an issue of it up front with your hardware vendor," says Keeler. "Identify it as a prime factor in your decision. If the vendor knows it is important to you, he'll provide it, too, or he'll lose your business. How you train your people to view voice mail will have a big impact on how they use it." ■

Making The Most Of A Voice-Mail System

Though the popularity of voice mail is growing fast, some people still think that talking to a machine is like talking to a wall.

Here are some steps you can take to help make your clients and employees accept voice mail.

- Give the caller the choice of speaking with a person or leaving a voice message. It makes the caller feel less trapped and more in control.
- Make sure messages are returned promptly. This will increase the client's confidence in your company and in your voice-mail system.
- Try not to surprise people who

aren't expecting a voice-messaging machine. Let them know you have voice messaging, or list your voice mailbox as such on your business card.

- Make sure your employees don't use voice mail at times when they could use the telephone.

- Persuade management to support the system. If managers decline to use voice mail, their subordinates won't use it either.

- Change your message often so that it always sounds personal.

- Monitor the use of voice mail, and provide additional training for those who seem reluctant to use it.

Glasnost By The Book

By Janet Lowenstein

Glasnost obviously has major international ramifications, but its impact has also been felt by a small business in Rockville, Md., just outside Washington.

Victor Kamkin Inc., a 36-year-old bookstore specializing in Russian publications, has seen both its inventory and its sales increase significantly as a result of the Soviet Union's new policies allowing publication of many once-censored books and easing restrictions on the press generally.

Kamkin carries every book published in the Soviet Union, as well as many books by Russian authors published in other countries, and Russian-language newspapers.

Anatoly Zabavsky, vice president and general manager of the company, reports that Kamkin is the largest Russian-language bookstore in the Western world. Each month the store receives from the Soviet Union about 1,000 different titles—often many copies of each title—on subjects that range from children's tales to high technology. A recent book catalog carried 792 titles, and a 46-page periodicals directory list-

ed hundreds of newspapers and magazines. But the catalogs advertise only a small number of the store's holdings.

The 25,000-square-foot store—a former postal facility—holds approximately 1 million books as well as such popular Russian products as silver samovars and brightly painted wooden matreshka dolls—dolls of progressive sizes, stored inside one another and uncovered only by opening each doll at the waist.

The store also stocks one not-so-typical product—a Russian-language version of Monopoly, the legendary game based on the workings of the capitalistic system. It follows the same format as the better-known U.S. game but does it in Russian. Parker Brothers Inc. produces both editions. In the Russian version, the streets everyone wants to own but no one wants to land on are called Arbot and Malay, not Boardwalk and Park Place, and it costs 200 rubles to

All books published in the Soviet Union—even those in English—are for sale at Victor Kamkin, says store Vice President Anatoly Zabavsky.

As Mikhail Gorbachev has eased publishing restrictions in the U.S.S.R., sales have increased at a certain bookstore—here in the U.S.

get out of jail, not \$200. Zabavsky says the game, which sells for \$29, is most popular with American shoppers, who know Monopoly, not with Russians, who don't know the game.

And most of the shoppers at Victor Kamkin Inc. have Russian roots. Victor Kamkin, who died in 1974, started selling books to Russian emigrants in 1929, when he opened his first bookstore in Harbin, China. He had fled Russia after the Bolshevik Revolution, and like thousands of others, he went to China. After the overthrow of Chiang Kai-shek, he left China for the U.S., and in 1953, with his wife, Elena, now president of the store, Kamkin opened a bookstore in Washington.

The store sold mainly to Russian immigrants and U.S. government personnel. But after the Soviets stunned the world with the launching of the first man-made satellite in 1957, there was a surge of American interest in the Soviet Union. Kamkin's business expanded rapidly. Growth has continued ever since. In 1971, the Kamkins moved the store to Rockville, where there now are 30 employees. In 1983, Victor Kamkin

PHOTO © MICHAEL KEZA



MANAGING YOUR BUSINESS

Glasnost By The Book

Inc. opened a retail store in New York, which has three employees and about 1.5 million books.

Today, Zabavsky explains, Victor Kamkin sells primarily to three waves of immigrants: post-revolutionary, post-World War II, and Jewish immigrants. And many of them become Zabavsky's customers for life. Those who arrive in the U.S. after the age of 30, he explains, "will think and dream in the Russian language for the rest of their lives," so most of their reading will be in Russian.

And Russians love to read. On a recent trip to the Soviet Union—he goes there once or twice a year—Zabavsky saw that "Russians spend every free minute reading—on the subway, at the intermission during a Bolshoi Ballet performance." Once in the U.S., their tastes may change, though, so Victor Kamkin offers not only Russian favorites like Leo Tolstoy but also American favorites like Stephen King, Kurt Vonnegut, and Mark Twain—in Russian.

With *glasnost* and the economic re-



PHOTO: T. MICHAEL KEEN

In Monopoly, Russian style, you may get a hotel on Arbot, but you may also have to pay 200 rubles to get out of jail.

structuring called *perestroika*, the book selections have grown. The store's president, Elena Kamkin, is "surprised at the rare books" now coming out of the Soviet Union. They include works by Boris Pasternak, Vladimir Nabokov (though not yet *Lolita*), and others that until recently were not available there. Kamkin has sold these books for years, but until recently carried editions pub-

lished outside the Soviet Union. Now Kamkin carries Soviet editions as well.

Since *glasnost*, demand in the U.S. has grown for Soviet periodicals. "A few years ago," Zabavsky explains, "we couldn't sell some of our papers. Our demand has grown 10 times in the last year."

More than one-third of Kamkin's sales come from the U.S. government and from the nation's major companies, and that share of sales hasn't changed over the years. Even during the most frigid days of the Cold War, Zabavsky says, the government and major companies had to know what was happening in the Soviet Union. They looked to books and periodicals to find out. That meant buying from Victor Kamkin.

Elena Kamkin and Anatoly Zabavsky say their success can't be attributed simply to supplying a need. In their store's early days, Kamkin says, competition was keen. In the 1950s in the Lower East Side of New York, there were many Russian bookstores. "To get good customers, you had to offer good service," she explains. Victor Kamkin still prides itself on its service.

About 90 percent of sales are made through mail order, and employees try to personalize that arrangement. They send out periodicals and book catalogs to 9,000 customers each month plus 250 bills and letters a day—and they place a stamp on every piece of mail. "We could use a machine for stamping," Zabavsky says, "but the stamp is personal. I deal with people, so we lick stamps."

Zabavsky's management philosophy is straightforward: "The best way to run a company is with your gut feeling." He always puts himself in his customer's place, he says.

Service also means supplying every possible need. A book may not be requested for 20 years, Zabavsky explains, but the store has it when someone does ask for it, and the staff can easily locate it. Most of the staff knows Russian.

Elena Kamkin says she and her late husband had hoped to see the store become the largest Russian bookstore in the Western world, and now that it is, she wants it to continue growing. It looks hopeful, she says, because of Gorbachev. "When he came in, it was a start. And this is good."

If Zabavsky and Kamkin have any complaints with their lives with Victor Kamkin Inc., it's simply that they have no time to read. ■

If you can do without top talent... it's your business.

Management Recruiters.
No excuses, no alibis.
Just maximum recruiting
performance.

MR MANAGEMENT RECRUITERS
The search and recruiting specialistsSM
250 offices nationwide

Learn Your Firm's Inside Story

By Mark Stevens

Can't be everywhere at once? You can use these methods to keep tabs on how your customers are being treated.



ILLUSTRATION: BARBARA KUWAK—EUCALYPTUS TREE STUDIO

When the legendary Harold Geneen sat at the helm of the sprawling ITT Corp., he insisted that his senior executives abide by a two-word rule: no surprises.

The message was as clear as a pink slip: Executives who wanted to retain their elevated positions would have to keep the boss fully informed of the company's affairs, alerting him to any possible threat on the horizon before it could plunge the company into crisis.

Geneen believed that problems caught early are problems most likely to be solved. But as the CEO of a multinational corporation, he could hardly keep tabs single-handedly on every plant, division, and subsidiary. Instead, he relied on an extensive network of senior managers to serve as his front-line lieutenants.

For the chief executives of small and mid-sized companies, the purpose is the same: You too want to nip problems in the bud.

But the procedure is different. Without a network of executives to keep tabs on your company, you have to turn to more creative techniques. The best bet is to establish controls that can serve as the boss's eyes and ears.

"If the CEO of a small or mid-sized company tries to supervise every aspect of his business himself, he will fail at that goal," says Herbert Speiser, a

partner with the New York accounting firm of Phillips, Gold. "That's because in a company of any size, there's too much for one person to look after."

How can you build in checks and balances in order to keep your company moving toward greater growth and profitability?

Consider the following strategies:

- Be a customer for a day. Approach your business as an outsider would. Start by placing an anonymous call with the switchboard, noting how the

inquiry is handled. Did the operator answer on the second ring or on the 17th? Did the person respond with courtesy or with disdain? Whatever the results, you can bet your customers are receiving the same caliber of service.

- Make a purchase from the sales staff. If there's no way to disguise your identity, have a friend or relative make the purchase for you. See if the service is quick, if the clerk is familiar with the merchandise, and if the customer is made to feel like a patron or a pest. What you learn may shock you.

"Quite often, business owners who are dedicated to customer service assume that their employees share that dedication," says Vickie Henry. She is president of Feedback Plus Inc., a Dallas-based firm that sends undercover shoppers into client companies and reports the findings to management. "But we often find that the employees' attitude is diametrically opposed to that of management. Busy chatting among themselves or talking on the phones, the employees may ignore customers or, worse yet, treat them as a nuisance."

Appearing to store personnel as ordinary consumers, undercover shoppers buy goods, order meals, and open accounts. Then they rate the employees' attitudes, knowledge of the merchandise, and sales abilities. The aims are to identify service problems and to build an awareness that management is monitoring and rating service.

Undercover-shopping services are available from firms across the nation. Charges range from \$50 to \$100 per

Mark Stevens writes the nationally syndicated column "Small Business" and is the author of *Sudden Death: The Rise and Fall of E.F. Hutton*.

MANAGING YOUR BUSINESS

Learn Your Firm's Inside Story



ILLUSTRATION: BARBARA KINAK—EUCALYPTUS TREE STUDIO

store visit. Contact your trade association for names of shopping services experienced in your field.

- Check up on field employees. You can have your customers rate field employees' performance, and you can do it all with a telephone call.

To track the work of his carpet-cleaning crews, the owner of a home-maintenance company calls his customers three days to a week after a service call, asking if the work was performed properly and if anything can be done to improve the service. This uncovers the kind of information that employees themselves would not volunteer.

- Videotape your employees on the job. You should do this not as "Big Brother" spying from hidden cameras—that only builds resentment—but as a concerned manager interested in improving employees' performance. Employees should be informed in ad-

vance that videotaping will take place, and they should be told when it is being done.

Through videotaping, you can gauge just how salespeople work with prospects, how the production staff applies quality-control measures, and how managers handle their supervisory duties. When videotaping is done properly, it serves as a learning process, giving managers a bird's-eye view of operations that may escape their attention, and allowing employees to see themselves in action.

"Recognizing that he cannot follow all of his sales reps on the road to check their performance, the president of a casket company uses the videotaping process to gauge their sales techniques and to make helpful recommendations," says Joseph Mancuso, president of the Center for Entrepreneurial Management, a New York City-based nonprofit organization that specializes in entrepreneurial education.

- Conduct surprise inventory counts, even if you're selling items as cumbersome and difficult to conceal as automobile tires.

"All too often, the most attractive products in a store disappear either because shoplifters are walking out with them or because employees are making sales and pocketing the proceeds," says Robert Talmage, president of Marcoin Business Systems.

The company is an Atlanta-based network of franchised consulting firms that help small companies install control systems. "By identifying the most vulnerable type of merchandise and by holding surprise inventory counts daily or weekly," Talmage says, "management can see patterns behind these losses."

Prepare "receivables-aging reports," tracking all sums due the company by

customer, dollar amount, due date, and days overdue. This can alert management to growing delays in collections.

"As part of this process, management may want to create an aging-exceptions report," says Les Kirschbaum, president of Mid-Continent Agencies, a commercial collections firm in Glenview, Ill. "This report can identify all accounts that are seriously overdue, perhaps 90 days or more. Management is then alerted to the real problem spots and has fair warning that doing additional business with these troubled accounts can be hazardous. This critical control helps to keep delinquent accounts from mushrooming."

- Establish a customer hot line to the boss. Encourage customers to contact you directly with complaints or suggestions about the company. The Marriott hotel chain does this by leaving evaluation forms in every room, assuring guests that their remarks will reach the man at the top.

"The forms are titled 'Will You Let Me Know?' and carry Bill Marriott's picture and his signature," says Ray Stone, Marriott's director of consumer affairs. "Because people are assured that their comments will come to management's attention, they have the incentive to tell us if they are unhappy. We, in turn, have the opportunity to make it up to them. That's critical: We've found that where prompt action is taken, we can get 85 to 90 percent of these people to return to us as customers."

Herbert Speiser of the New York accounting firm says: "Controls give business executives the information they need to run their companies effectively. Without controls, they may own the business, but it's unlikely that they're really managing it." ■

Investing In Franchising

By Meg Whittemore

It was bound to happen. Franchising, heralded for decades as a shortcut to business ownership, is gaining added recognition as a source of sophisticated investment opportunities. Franchises can offer attractive returns on investment as well as potential for long-term growth.

Investment groups as subfranchisors now account for 5 to 10 percent of all franchise sales—a circumstance unheard-of several years ago. Subfranchisors buy from the principal franchisor the right to sell and supervise franchises in a specific geographical area.

"It's not just the pursuit of the American Dream any more," lawyer Andrew Sherman says of those who put money into franchise firms. "It is now the pursuit of returns on investments." Sherman, a partner with the Washington, D.C., law firm of McVey and Sherman, says, "It comes down to hard dollars and cents for these investors."

The attraction to franchising as an investment tool can benefit all the parties involved. A franchisor backed by investors often is more likely to find capital for the venture. For the franchisee, investment groups in effect widen the range of financing sources.

These considerations have created a more financially savvy breed of franchisee, says Sherman, and in turn the dynamics of the franchise relationship have changed. Franchisee investment groups are asking for—and receiving—more from the franchise contract.

Investment-seeking franchisees, for example, are demanding the freedom to pursue other business ventures at the same time they have interests in franchises. "Many of these investment groups are involved in other types of businesses, and they don't want to be limited by any covenant not to compete," Sherman says.

In addition, investors often try to shift more of the financial risk to the franchisor by demanding changes in the financial terms, and many investors also require franchisors to increase training programs for franchisees.

Investor franchisees can be aggressive and hard-working in their efforts

Meg Whittemore is a Washington, D.C.-based free-lance writer who specializes in franchise topics.

The growing interest of investors in franchising offers benefits to both franchisors and franchisees.



PHOTO: T. MICHAEL REZA

William Alewine and Susan Huddy, with another partner, did homework for two years before investing in a Precision Tune subfranchise for the Washington, D.C., area.

to strike a good deal. The three partners who now own the Precision Tune subfranchise for Washington, D.C., and nearby areas in southern Maryland and northern Virginia spent two years doing homework. They crunched numbers, analyzed markets, calculated sales trends, projected returns on their investments, determined growth prospects, studied demographic patterns, and figured short-term and long-term capital-investment requirements.

"You can't fool around," says Susan Huddy, a certified public accountant who is one of the partners in Capitol Tune Inc., which was created for the purpose of buying the subfranchise. "You've got to know what the numbers mean. If you don't know what you're doing, find somebody who does."

Huddy, along with partners Michael Parker and William Alewine, purchased the area subfranchise rights for an undisclosed amount from Joyce Gump and Dennis Fox.

Under the former owners, the subfranchise had annual sales of \$10 million generated by 23 service units. Capitol Tune expects to triple sales within

five years and increase the units to 50.

The partnership acts as a corporate overseer, in effect becoming the franchisor to purchasers of Precision Tune franchises within the partnership's geographic boundaries. The partners are responsible for all training and franchisee support. In an early step, the group hired a full-time training director, even though that expense dealt a blow to the group's original budget. "We will have to forego our own income in order to have the training area taken care of immediately," says Huddy.

The partners also closed three income-producing stores—a step that they admit was unorthodox. "We temporarily reduced the income stream," says Alewine, "but we felt it was necessary in order to strengthen our network of franchises as a whole." The units were among the weaker income producers in the network, and they were viewed much the way that less productive units of a corporation might be viewed by management seeking ways to make the most of resources.

Even though Huddy, Parker, and Alewine consider themselves entrepreneurs, their actions sometimes reflect those of a closely held corporation. The emotionalism of "owning your own business," a key motivation in entrepreneurship, is absent from their approach. Their efforts in meeting their



CHECK US OUT!

- ✓ Comprehensive training
- ✓ Proven management systems
- ✓ Complete advertising support
- ✓ 400 centers opened
- ✓ No previous automotive experience necessary

If you're serious about starting your own business, check us out. MAACO Auto Painting & Bodyworks is the industry leader in an exploding automotive aftermarket.

The cost of a MAACO franchise is \$154,990 (minimum cash requirement of \$55,000). It includes virtually everything necessary for full operation.

Call today **1-800-521-6282**

MAACO Enterprises
381 Brooks Road
King of Prussia, PA 19406
ATTN: L. Kemp

Circle No. 33 on Reader Service Card.

Build Your Future With Lindal.



Build an independent business on a solid foundation. With Lindal Cedar Homes, the world's most popular custom cedar houses for over 40 years.

- No franchise fees
- Internationally recognized housing giant
- Dealer training schools and ongoing regional seminars
- National advertising, marketing, and co-op support
- Best planbooks and sales aids in the industry
- Multiple product lines—cedar homes, log homes, sunrooms, and hardwood flooring

Right now we're looking for a good dealer in many areas. For more information, please call 800-221-6063.

Δ Lindal Cedar Homes

P.O. Box 24426, Dept. F&E, Seattle, WA 98124 206-735-0800

Circle No. 83 on Reader Service Card.

Home Maintenance and Cleaning

It's certainly a growing market, and this is where Steamatic shines.

We're looking for successful individuals who have proven marketing/sales/management and people skills. Key territories are available now.

These territories offer unlimited potential for the successful executive. With our full support, you must be capable of building your own company.

Steamatic has been a leader in the multi-billion-dollar restoration and cleaning industry for 21 years. We know how to keep overhead down and profit potential high.

For free case studies, industry data and information on the franchise, call toll free today:

1-800-527-1295

In Texas 1-800-544-1303



1601 109th St., Grand Prairie, TX 75050

OWN YOUR OWN COMPANY for \$495!

Make 300% Profit Providing Students with TODAY'S MOST DESPERATELY NEEDED SERVICE!

Computerized Scholarship/
Financial Aid Matching Service

The Problem:	The Solution:
\$135 Million in College Financial Aid goes unused every year. Students who really need funds sometimes never even know it!	A Computerized Matching Service which locates money for students. Our licensees do it for students across the country everyday!

BE YOUR OWN BOSS!

If you qualify as an AGS Licensee, you own your own business, pick your own hours—even operate out of your own home! You create the name of your company, decide the price—everything! YOU'RE IN CHARGE! You don't need your own computer because we do all the processing for you!

NO EXPERIENCE NECESSARY!

We show how to market your business. We provide you with the instructions and materials you need. The service can be conducted by direct mail—you can market it in ANY region of the country you desire. AND, NO DIRECT SELLING NECESSARY!

WE PRIVATE LABEL THE SERVICE UNDER YOUR NAME AND YOU CAN EARN OVER 300% PROFIT!

For Our FREE BROCHURE

Name _____
Address _____
City, State, Zip _____
Phone _____

Academic Guidance Services
230 Winding Way, 1st Floor
Marlton, NJ 08053
1-800-USA-1221

Circle No. 12 on Reader Service Card.

Working Just One Morning Each Week

Illinois Woman Reveals Little Known Secret That Made Her \$60,000 In Just 90 Days

By Ed Hirsch, Special Feature Writer

JOLIET, IL.—You may have read about Nancy Freeman in leading business publications or seen her on network TV. A highly successful real estate broker, Freeman owned some apartments in her hometown of Joliet, Ill. About 8 years ago, she heard about Property Valuation Consultants, a company that lowered real estate taxes. PVC did the job and saved her thousands of dollars for which it received a percentage of the savings.

Several years later, she was approached by PVC to offer their services to her property-owning clients. Representing the company one morning each week, she netted better than \$60,000 in just 90 days! Freeman soon bought PVC, and the 15-year old company is now embarking on a major program setting up PVC affiliates in all 50 states.

One of the best kept secrets is that property owners can actually appeal their real estate assessments. Nationally, fewer than 2% of all assessments are ever challenged. But a recent study of 10 major cities shows that 4 out of 5 assessments were reduced on appeal. "Most people don't even know how to attempt it," says Freeman, "and we handle everything for them in a win-win situation."

According to Freeman, "With correctly assessed property more often the exception



than the rule, the market for PVC is wide open." Using a copyrighted system, PVC represents the property owner on a contingency basis, receiving from 1/3 to 1/2 of the savings. Most clients renew yearly, which is how an incredible residual income can be built up.

PVC affiliates pay a \$9,900 start-up fee which includes comprehensive training, manuals, materials, forms and just about everything else needed to get started. Ongoing consulting is also included; PVC and its staff work closely with each affiliate walking them through the various steps involved in working with clients.

"This business can be run out of a small office or even a home," says Freeman. "All you need is a phone. We show our trainees how to attract as many qualified clients as they can handle," she adds. "Just 50 clients per year can net over \$100,000, and we serve more than 1,500 clients in any given year here in Joliet, a city of only 73,000 people."

PVC has hired motion picture and television actor Eddie Albert as its national spokesman and has offered to send complete details and a free videotape to interested parties. Call or write Rick Neiswonger, PVC Marketing Systems, 12033 Gailcrest, St. Louis, MO 63131, (314) 997-5500.

Investing In Franchising

monthly expenses do not convey the sense of immediacy or of personal risk that often can be found in the entrepreneur. Instead, the partners use carefully detailed income projections and demographic studies to plan logically for growth and return on investment. "If our approach is successful," Alewine says, "we could see a return on our investment in less than a year."

For Sylvia Mundy and her husband, Alonzo, a return on their investment in Popeyes Famous Fried Chicken has been a goal since 1980. In that year, the Mundys formed MBW3 Enterprises Inc.; it was designed to be the holding company for their first Popeyes. The corporation had six initial investors, mostly family members and friends, who put up a total of \$110,000.

Since the corporation was started, as many as five stores have been operated within the Mundys' territory, which encompasses three-fourths of Fairfax County, Va. Currently, there are three Popeyes operating under MBW3. The Mundys hold the majority of the stock; the remaining investors are unnamed.

Sylvia Mundy admits that the ven-

Points To Consider Before You Invest

If you are thinking of becoming an investor in a franchise, consider these recommendations from experts:

Determine the risk. What will be the return on your investment? How does the projected return compare with the return you could expect from investments such as Treasury bills, stocks, and mutual funds? Can you afford to leave your investment alone for up to 10 years before realizing a return?

Analyze the market. Determine if consumer trends support projected market growth for the franchise's product or service. If it appears that the market will shrink in later years, the return on your investment could diminish along with it.

Make projections. Look at the franchise's performance, and calculate 5-to-10-year projections. What overall profit can you expect in that period based on growth during past years?

Understand the financial statements. Know what you are examining. If you cannot understand the financial statements of the franchised business, find someone who can. A firm's financial reports should disclose the health of the business and whether it has met growth projections.

Choose informed stockholders. Make sure stockholders understand the business, the financial needs, the role they should play, and the terms of any return on their investment.

WHY NOT THE BEST?

Jani-King

OVER 1,400 FRANCHISES

- Largest janitorial franchisor according to *Entrepreneur*
- Low Investment — \$6,500 to \$14,000
- Secure Cleaning Industry
- National Image
- Full Training
- Continuous Support
- Master Franchises Available

Jani-King International, Inc.

4950 Keller Springs, Suite 190
Dallas, Texas 75248

(800) 552-5264
Outside Texas
(800) 533-9406
Inside Texas
(902) 468-3156
Canada



OWN YOUR OWN RETAIL APPAREL OR SHOE STORE REAP THE REWARDS OF YOUR OWN EFFORTS

WE OFFER YOU

A PROVEN
AND PROFITABLE
BUSINESS OPPORTUNITY
OVER 2000
FIRST QUALITY
NATIONAL
NAME BRANDS



America's Largest & Oldest
Store Opening Service

Gain the advantages of business ownership.

You can open a store of your own in as little as 15 days...Your choice of name, size and merchandise. All the profits are yours. We help you attain success and independence in the fashion field.

We have sold over 3000 stores nationwide.

Our "blueprint" for success has been working since 1977. It can work for you too.

Investment packages range from \$18,900 to \$28,900.

You receive beginning inventory, fixtures (Redwood, Firwood, Brass or Chrome), in-store training or at our National Training Center, airfare for inventory selection, location assistance, bookkeeping system, grand opening, continuous assistance and more.

The choice is yours.

In addition to our fashion packages for infant/preteen, ladies, mens or mens big and tall shop, large sizes, petite, jeans/sportswear, dancewear/aerobic, bridal shop, accessories or lingerie store and color analysis. We also offer a \$13.99 one-price designer or multi-tier pricing discount or family shoe store and \$14.99 one-price ladies, mens and children's apparel stores. The first step is up to you.

Call STEPHEN C. LOUGHLIN • (612) 888-6555

FRANCHISE/ENTREPRENEURIAL GUIDE

Investing In Franchising



**A 7 Billion Dollar Market
Still 90% UNTAPPED.
That's right, less than
10% of all oil changes
are done at Quick Lubes.**

AND NO one does it like Grease 'n Go. New state of the art service facilities and computerized point of sale systems are only part of the reason.

**41 operating centers
200 franchised locations
in development**

We have a PROVEN RECORD of success in the INDUSTRY. You'll need from 45K to 65K to open plus operating capital.

For details call
602-461-3434

or write
Bill Wilde

Grease 'n Go Franchising
305 E. Main #400
Mesa, AZ 85201

ture has lost money and has yet to show a return on the stockholders' investment. "We weren't supposed to be a long-term investment when we opened our doors," she says, "but we chose to take all the proceeds and invest them in future stores."

MBW3 reflects a time-honored approach to entrepreneurial fund-raising—having family members and friends become involved in the venture for a percentage of the profits. If successful, it can be a viable source of financing without the restrictions often encountered through banks and other more conventional lending institutions.

Yet being on familiar terms with stockholders can have drawbacks. "The one friend that I started with is no longer my friend," says Sylvia Mundy, "and I've had a problem with the unwillingness of the other stockholders to put in any additional money."

As a result, the Mundys have had to put in several hundred thousand dollars, raised over several years in ways such as deferring their own salaries and borrowing from financial institutions, to keep the stores operating.

Nonetheless, the Mundys have deemed their investment-group approach in franchising a success, and they have expanded it, although with certain differences. They have started a separate corporation in Michigan to operate a Popeyes franchise in Saginaw. The corporation consists of six equal partners, and most of them—unlike the partners in MBW3 Enterprises—are active in the business on a daily basis.

In Tysons Corner, Va., yet another Mundy-originated corporation has opened another Popeyes. The partners in this corporation, however, are not relatives and friends; they are business professionals with banking and real-estate connections.

"We looked at this group with an eye towards business expertise and access to capital," says Sylvia Mundy. "We did not intend to go into any future venture as undercapitalized as we were in the beginning."

Investing in a franchise is not for everyone, but becoming part of this growing trend presents an alternative for the investor who is able—and not afraid—to take a risk. **B**

TIRED OF MAKING MONEY FOR OTHERS?

MAIL BOXES ETC.™

**Offers a Great
Business Opportunity!**

Join the leader! Open your own Mail Boxes Etc. franchise and join the world's largest network of postal, business & communication service centers.

- Over 1,000 centers nationwide!
- Minimum cash investment \$45k.
- Financing program available.

1-800-456-0414

Postal, Business and Communication Services

MAIL BOXES ETC.™

5555 Oberlin Drive
San Diego, CA 92121

Offering by prospectus only • 1989 Mail Boxes Etc.

Circle No. 23 on Reader Service Card.

OPEN THE DOOR OF OPPORTUNITY



You Can Own This Store or One Like It.

We Provide:

- Program financing/Initial training & consultation
- Initial inventory
- Store fixtures
- Supplies & computer equipment
- Initial store design
- Continued buying and operating assistance
- Free advertising analysis program
- Proven business plan for success/Free location consultation
- Round trip air fare and hotel accommodation for initial buying trip
- Programs from \$14,000 up to \$32,000

We are

Fashion
U • S • A

(404) 830-8929

1-800-444-8927

Helping
America
Succeed in
Business

Circle No. 3 on Reader Service Card.

INTRODUCING A NEW
VIDEOTAPE

FRANCHISING

How to Be in Business for Yourself-Not by Yourself

If you've considered buying a franchise, you'll want to watch this 58 minute video! Franchise management and marketing consultant Dr. Joel Champion has created a concise, comprehensive guide that takes the "chance" out of a franchise purchase decision. "Franchising: How to Be in Business for Yourself-Not by Yourself" highlights the things you need to know to make a profitable decision. This videotape was produced in cooperation with the International Franchise Association. Order your copy today!

- ▼ Trends & opportunities
- ▼ How franchising works
- ▼ How to investigate a franchise
- ▼ How to assess an offering circular
- ▼ How to choose a reputable franchisor
- ▼ How to safeguard your interests
- ▼ What you can learn from franchisees
- ▼ What to ask lawyers & accountants
- ▼ Where to look for financing
- ▼ What lenders want to know
- ▼ How franchisors evaluate you

FRANCHISING

How to Be in Business for Yourself-Not by Yourself

**For Faster Service
Call Toll-Free
1-800-547-9797**

All orders must be prepaid. Make checks payable to Nation's Business. California and D.C. residents, add sales tax.

- ☐ Check enclosed
☐ Bill my credit card: ☐ VISA ☐ MC

HS \$49.95

Card No. _____ Exp. Date _____

eta \$49.95

Signature _____ Title _____

ales Tax _____

Name _____ Company _____

ostage & handling
3.95 each

Address _____

City _____ State _____ Zip _____

TOTAL \$ _____

Nation's Business Video Division, 1615 H Street, NW,
Washington, D.C. 20062

NB0889

Here are just some of the 30 franchise experts who share their insights!

Ron Berger, President
National Video
William Cherkasky, President
International Franchise
Association
Carolyn James, Franchise Owner
7-Eleven
Ripley Hotch, Senior Editor
Nation's Business
Andrew Kosteca, Franchise Specialist
U.S. Department of Commerce
William Rosenberg, Founder
Dunkin' Donuts of America
John H. Simonds
Small Business Administration
John Tifford, Program Adv. Franchising
Federal Trade Commission
Lisa Webster, Franchise Owner
Pearle Vision Center
Robert Windley, Franchise Owner
Entré Computers

The Battle Over Pension Surpluses

By Roger Thompson

A proposal to restrict employers' access to surplus pension-plan funds has triggered a legislative battle in Congress, and there is no letup in sight.

Bills have been introduced in both the House and the Senate to restrict so-called pension reversions, in which employers terminate overfunded pension plans and recover the excess cash. But opposition from business groups and the Bush administration has derailed the push for quick legislative action.

Supporters of new restrictions on reversions maintain that contributions to pension plans represent deferred wages and belong to plan participants. Business groups point out that pension law traditionally has given employers the right to recover surplus pension funds, which can be used for investing in plants and equipment, for enhancing competitiveness, or for creating jobs.

Even so, asset reversions are viewed by many lawmakers as having adverse effects on retirement security.

The architects of the proposed crack-down on reversions are Sen. Howard Metzenbaum, D-Ohio, and Rep. William Clay, D-Mo. Each introduced the same measure—the Employee Pension Protection Act of 1989. They had hoped for legislative action before May 1, when a six-month Treasury Department moratorium on reversions expired. During

the moratorium, the Treasury stopped issuing "determination letters," which outline a company's liabilities before a pension plan is scrapped.

Metzenbaum engineered the moratorium last fall to give Congress a chance to act before more reversions took place. As the moratorium deadline drew near, however, Metzenbaum failed to persuade Treasury Secretary Nicholas F. Brady to declare an extension.

The legislation introduced by Metzenbaum and Clay would require companies involved in reversions to set up new pension plans with generous benefit cushions. Employers who failed to do so would lose control of the surplus funds. Depending on the form of the replacement pension plan, the employer would be required to provide a 125-percent or 135-percent cushion against projected liabilities. The employer also would have to provide a cost-of-living increase to retirees. If there is no replacement plan, all assets would be allocated to employees and retirees.

Metzenbaum and Clay intend to press for their legislation even though the number of reversions has dropped sharply in recent years. Since 1980, 1,897 defined-benefit pension plans, each with more than \$1 million in surplus assets, have been terminated, according to the Pension Benefit Guaranty Corp., the federal agency that

insures private pensions. After paying off the 2.1 million workers and retirees under the plans, the companies recovered \$19.9 billion in surplus assets. Reversions peaked in 1985 at 582, producing \$6.1 billion in excess funds for the plans' sponsors. Last year, there were 166 reversions, which produced nearly \$1.8 billion in surplus funds.

At issue in the current debate is who owns the excess money—labor or management?

A coalition of labor, retiree, and pension-rights groups maintains that the money set aside in pension plans for workers represents deferred wages and should not be diverted to any other purpose. "These deferred wages are trade-offs for a promise of a pension that is expected to continue and grow in value and provide adequate retirement income for long-service employees," says Bert Seidman, the AFL-CIO's director of occupational safety, health, and social security.

Says Metzenbaum: "Corporate managers have been raiding employees' retirement benefits to line their own pockets."

Business groups, including the U.S. Chamber of Commerce, argue that the measure introduced by Metzenbaum and Clay would erode the voluntary nature of the pension system and would discourage creation of new defined-ben-



ILLUSTRATION: DAVID CHEN

Legislation in Congress to limit employers' ability to recover excess cash in pension funds fuels the debate over whether the money belongs to the owners or the employees.

efit plans. They also note that Congress has recognized an employer's right to claim excess pension-fund assets since the Revenue Act of 1938. That right was incorporated in the Employee Retirement Income Security Act of 1974 (ERISA), the federal law that currently governs private pension plans.

Under the law, an employer may not gain access to surplus pension funds unless the plan is terminated. The surplus is defined as the amount left over after the employer meets all obligations to plan participants—current workers and retirees—either through the purchase of individual annuities or through individual lump-sum payments.

"Metzenbaum and Clay have masterfully manipulated this issue to project the view that employers are raiding the employee-pension cookie jar, rather than taking a surplus that they put in there in the first place," says James A. Klein, deputy executive director of the Association of Private Pension and Welfare Plans (APPWP), a Washington, D.C.-based trade association.

Imposing strict limits on reversions also would discourage employers from properly funding pension plans, says John Erlenborn, a former House member who is regarded as the "father" of ERISA and is now a law partner with the Washington firm of Seyfarth, Shaw, Fairweather & Geraldson. "The law requires defined-benefit-plan sponsors to dig deeper into their own pockets if plan assets are insufficient to pay promised benefits," says Erlenborn. If employers must bear the risks, why shouldn't they reap the rewards of an overfunded plan, he asks.

"It is important to keep the reversion activity in perspective," says David M. Walker, assistant secretary of labor for pension and welfare benefits. "Most sponsors do not want to terminate their 'overfunded' plans. It should be noted that only a small minority of all plan sponsors have engaged in such activities. And of those that have, most have established new defined-benefit plans

Pension-Plan Terminations

(Defined-benefit plans where reversions exceeded \$1 million)

Termination Year	Plans	Participants	Asset Reversions (in millions)
1980	9	22,242	\$ 18.5
1981	35	30,512	158.6
1982	82	123,587	403.9
1983	166	168,549	1,608.3
1984	329	379,716	3,557.3
1985	582	708,744	6,104.4
1986	258	261,769	4,284.5
1987	270	232,041	1,939.7
1988	166	180,298	1,785.8
Totals	1,897	2,107,458	\$19,861.0

Source: Pension Benefit Guaranty Corp.

providing their employees with the same or better benefits as the terminated plans."

Moreover, a 1986 Department of Labor study of 97 pension-plan terminations and reversions showed no loss of benefits to participants at termination, regardless of the type of successor pension plan. By retirement, 84 percent of the employees covered by a follow-on defined-benefit plan continued to show no loss in benefits; half of those covered by a follow-on defined-contribution plan showed no loss; but everyone who received no follow-on pension plan received lower benefits.

Defined-benefit plans obligate the employer to pay a retiree an amount defined by a formula that takes into account years of service and salary levels. Defined-contribution plans build lump sums in each participant's individual account; employers as well as employees may contribute.

Pension reversions did not become an issue until the early 1980s, when a confluence of events caused terminations to mushroom. The bull market on Wall Street pushed fund values well beyond

the sums needed to meet projected liabilities. And high interest rates greatly reduced the purchase prices of annuities for companies that terminated plans.

An unprecedented number of mergers and acquisitions also fueled reversion activity. In some cases, corporate raiders terminated overfunded pension plans and used the surpluses to reduce debt. In others, management terminated plans to use the surpluses to fend off unwanted mergers or acquisitions.

"The real motive for most reversions is not to get hold of the surplus money," says Klein, of the APPWP. "That comes about tangentially as a result of a business transaction, such as selling a business and merging existing plans. Once you deduct those reversions that are done for normal business reasons, there are very few left that are done to gain access to surplus funds."

Against the background of the arguments over reversion, the Labor Department has urged Congress to defer any decisions until the effects of recent changes can be analyzed. Those changes include an excise tax—originally 10 percent and now 15 percent—that the Tax Reform Act of 1986 imposed on surplus assets derived from reversions. The Pension Protection Act of 1987 also imposed a number of new requirements on overfunded and underfunded pension plans.

Regardless of whether Congress agrees to defer action, business will continue to fight restrictive legislation.

"The Metzenbaum/Clay legislation threatens the American pension system," says Lisa Sprague, manager of pension and employee benefits for the U.S. Chamber of Commerce. "Building inflation and mandated benefits into the system distorts the benefit-negotiation process and discourages employer participation."

"Despite the bill's intention to make pension plans more secure, the effect would be contrary to the goals of a healthy private pension system." ■

For Your Tax File

Nondeductible IRAs Can Be Valuable

By Gerald W. Padwe, C.P.A.

Individual Retirement Accounts lost a lot of luster when the 1986 Tax Reform Act restricted or eliminated the income-tax deduction for IRA contributions for many taxpayers. But even without a tax deduction, an IRA should be considered in a well-balanced retirement plan to take advantage of tax-deferred compounding of investment earnings.

The impact of taxes on investment returns can be startling. For example, assume a 35-year-old taxpayer contributes \$2,000 a year to a nondeductible IRA account. If the account earns a steady 9-percent return, the taxpayer will accumulate just over \$326,000 at age 65. This consists of contributions totaling \$62,000 and investment income of \$264,000.

If the \$2,000 yearly contribution is invested in a mutual fund earning 9 percent but the earnings are taxed at 28 percent, the taxpayer will accumulate only about \$197,000 by age 65.

While \$62,000 of this total represents contributions, the earnings will only be \$135,000, a reduction of \$129,000 from the IRA fund. The difference is the result of the 28-percent tax on current earnings, with resulting income compounding on a smaller amount each year. Of course, the investment income withdrawn from the IRA after retirement is taxable, while the \$197,000 in the mutual fund is fully tax-paid, yet you may be surprised to see that the IRA can be a better investment.

We created a model that assumes a drawdown of the balance in either account in the form of an annuity over 15 years from ages 65 to 80. The model recognizes that income taxes would be paid on the accumulated IRA income but not on the mutual fund's invest-



PHOTO: WALTER HODGES—WOODFIN CAMP INC.

For good times in retirement years, consider smart investments now—even nondeductible IRAs.

ment income accumulated to age 65.

Remember that both funds continue earning income from age 65 until depletion at age 80. Therefore, total distributions will substantially exceed the age-65 accumulated balances.

On this basis, after-tax cash returned to the mutual-fund taxpayer over 15 years is \$320,000. The nondeductible IRA, on the other hand, will return \$454,000 of after-tax cash—for the same \$62,000 contributed.

If you think your IRA earnings will be taxed at a rate higher than 28 percent during the distribution period, the results still favor the IRA.

Assuming the top tax rate is 35 percent when you turn age 65, you will receive \$308,000 in after-tax cash from the mutual fund before it is depleted. The IRA will return \$416,000. Even if the rate for individuals during the distribution period is 45 percent, the IRA returns \$362,000 after taxes, compared with the mutual fund's \$291,000.

Depreciating Land

Everyone knows that land is not a depreciable item in computing tax liability—or is it? Sometimes a company's

controller or tax director should use a very sharp pencil when analyzing costs associated with "land" to see if it can be argued that a depreciable asset is being created.

For example, when a business building is constructed, substantial costs are associated with excavation, land grading, and soil removal. Costs that arise because of changes to the land should certainly be considered as part of the construction costs for the building, then added to the building's tax basis and depreciated once the building is placed in service.

What about landscaping and shrubbery surrounding a business building? While the Internal Revenue Service traditionally has claimed these costs are nondepreciable, courts have not always agreed with the IRS.

If the landscaping is so closely associated with a structure that removal of the structure would destroy the landscaping or obviate its purpose, then those costs would be associated with the structure and depreciated accordingly. Even paving an entrance road or putting in a parking lot may be depreciable land improvements.

Check with your tax adviser. While the right facts should give you a sustainable deduction, an IRS examining agent is likely to challenge it. ■



Gerald W. Padwe is national director-tax practice for Touche Ross & Co. Readers should see tax and legal advisers on specific cases.

Personal Management

To Your Health

By David M. Pagnanelli, M.D.

Light At The End Of The Carpal Tunnel

Perhaps you first heard of carpal-tunnel syndrome last year, when the Occupational Safety and Health Administration fined two large companies a total of \$5.3 million for alleged negligence leading to crippling cases of CTS.

Why should a small-business owner care? It's unlikely, after all, that OSHA will levy million-dollar fines against a business employing a handful of people. Carpal-tunnel syndrome can, however, be devastating to the small concern. If you employ four or five people, you can't afford to lose even one employee to months of rehabilitation following surgery. Even the owner of a business is at risk for CTS; and what business can survive the lengthy absence of its owner?

Carpal-tunnel syndrome is a "cumulative trauma disorder," one that leads to progressively worse functioning of the hand. It is caused by repetitive wrist movement, the kind engaged in by people using a cash register, or staffing a mail room, or operating word processors or computers. Anyone, in other words, whose job demands a lot of wrist motion—and it needn't be strenuous wrist motion—can damage the carpal ligament, which stretches like a watchband across each wrist. The damage inflames the carpal ligament, creating scar tissue that presses on the median nerve lying in the carpal tunnel below. That pressure causes the gradual death of the nerve, which controls the thumb and first three fingers.

Symptoms of medium to severe CTS

David M. Pagnanelli, M.D., is chief of neurosurgery at Abington Memorial Hospital in Abington, Pa. Dr. Pagnanelli recently commissioned a 10-minute video describing CTS, its causes, prevention, treatment, and cure. A copy is available for \$20 by writing to him c/o Abington Memorial Hospital, 1200 Old York Road, Abington, Pa. 19001.



PHOTO: BBA WEXLER-FOLDING INC.

Repetitive wrist movements—the kind that accompany steady work at a computer keyboard—can lead to impaired functioning of the hand.

include burning, tingling, and an overall numb feeling in the hand. The sufferer may be awakened in the middle of the night by pain in one or both hands. It may become difficult to achieve good muscle control, or get a good grip, so that opening a jar or buttoning a shirt is a monumental task. In like manner, the victim's on-the-job tasks get harder if not impossible. Eventually, the sufferer permanently loses use of a hand—the muscles have atrophied because the nerve controlling them has died. But this is not inevitable.

Preventive measures include checking the height of chairs to make sure the wrist isn't extended or flexed unnecessarily; using tools designed to cut down on the likelihood of CTS; wearing bulky gloves to encourage more shoulder and elbow motion, rather than wrist movement alone; and alternating jobs daily to give each person an opportunity to vary the range of activities so that one particular hand motion isn't over-emphasized.

When prevention fails and CTS has been diagnostically confirmed by a physician, one conservative form of treat-

ment involves the use of a wrist splint at night, along with anti-inflammatory medication. An injection of cortisone directly into the carpal ligament is also sometimes prescribed when the symptoms are relatively mild.

When the patient has progressed to the stage of experiencing almost constant numbness, surgery is the treatment of choice. The traditional surgical procedure to correct CTS required months of recovery time. Now, however, a surgical technique pioneered over 20 years ago by a Canadian neurosurgeon permits recovery in just a week or two, with immediate use of the hand not only possible but recommended.

This technique, known as a "carpal-tunnel release," can be done on an outpatient basis, under local anesthesia. It involves surgically dividing the carpal ligament to end the nerve-deadening compression.

In a five-year study I conducted, over 90 percent of the 200 patient-respondents reported good to excellent recovery following the release operation. When recovery was not as good as we had hoped, it was because a patient had delayed surgery too long.

After successful release surgery, the patient—and the patient's employer—will not be troubled by carpal-tunnel syndrome again. So, if you can't prevent CTS, cure it before it's too late. **■**

It's Your Money

By Paul N. Strassels

Rerouted Refunds And Other Reasons To Adjust Withholding

Savvy taxpayers have long known that they should never qualify for a tax refund, that it is better to owe the Internal Revenue Service a small amount at filing time. Although qualifying for a refund is sometimes inevitable, it usually means poor tax planning on your part. Here are four reasons why refunds are a bad idea, and what you can do to end them.

First, a refund means you have given the IRS interest-free use of your money (not that the government can't use it). When the shoe is on the other foot, you have to pay interest to the IRS at double-digit rates.

Second, qualifying for a refund usually means a taxpayer is not willing to dig for each and every legitimate tax break and so ends up overpaying tax. The thinking goes, "Since I'm getting a refund anyway, why bother with this particular deduction or credit? It may pique the IRS's interest, and I wouldn't want that to happen." A refund doesn't mean you don't pay tax, but rather that you have overpaid.

Third, a refund request gives the IRS an opportunity to redirect where your money goes. Before the IRS sends you your refund check, it verifies that you do not owe any income tax from a prior year. If you do, the money will be used to offset that—and any other tax deficiency—first. The IRS doesn't need your permission, either.

Fourth, the IRS will look to others who have a claim against you. Last year, the IRS took \$236 million in refunds that were owed to 450,000 individuals and sent the money to the appropriate family-welfare agencies. Over the past three years, the IRS has redirected \$841 million through this program. If you are delinquent in your payment of court-ordered child support or state income taxes, or in repayment



PHOTO: G. FREDERICK STONE—FOLIO INC.

You might be able to exclude up to \$70,000 of your gross income if you earned it in Paris or someplace else overseas.

of a loan made or guaranteed by a federal agency, your federal income-tax refund will go to cover those delinquencies first.

Now that you are in the second half of the calendar year, spend an hour or so to calculate your potential income-tax liability for the year, and see how well you are meeting that responsibility. Add up all your income (and expected income), subtract your deductions and exemptions, and compute your tax. Compare that with what's already been withheld and paid in quarterly estimated installments. Include what will be withheld from now through the end of the year. Then, adjust your estimated tax payments so that you and the IRS will break even at year's end.

Outplacement Counseling

When a firm terminates employees, it may put them in touch with an outplacement service and pick up the tab. Says the IRS in a private-ruling letter: An amount paid by a firm to an outplacement-counseling service for one of its people who was let go is not a tax-

free fringe benefit to the ex-employee; it is income and must be reported on the terminated employee's W-2 wage report. Although some might feel that taxing this benefit is the same as kicking someone who is down, consider the alternative. The ex-employee either pays tax on the career-placement fee, as the new ruling requires, or he pays for the counseling himself. That's not much of a choice.

For Overseas Workers (And Those Considering A Job Abroad)

If you live and work abroad and earn income from foreign sources, you can exclude from your gross income up to \$70,000 of your foreign-earned income annually. Nevertheless, you are still required to file a U.S. federal income-tax return. The IRS wants to make sure that all requirements are met, and that it collects tax on income that is not properly excluded. The IRS has found that a large number of overseas taxpayers have neglected to file in years past. Toward that end, the tax agency is making a special effort to identify nonfilers who live overseas and to get them to file their returns and pay overdue taxes.

In fact, the IRS has enlisted the aid of the State Department in its efforts to catch nonfilers who are overseas by matching passport records against tax returns. The IRS says that of the 3 million Americans working abroad, only 400,000 actually bother to file.

Before hopping the first plane to take a job abroad, understand that not everyone qualifies for the \$70,000 exclusion. Government employees and those in the armed forces cannot treat their pay as foreign-earned income.

Keoghs As Collateral

You can pledge your Keogh retirement account as collateral for a loan, a privilege that can come in handy for a small-business owner. Of course, if you default, the lender is entitled to seize the account, just as with any other security. Those who own individual retirement accounts are not allowed to use their accounts in the same manner.

Creative Child Care

Although Congress closed the loophole that previously allowed parents to claim the child-care credit for sending their offspring to summer camp, you can still claim the valuable tax credit



Paul N. Strassels, president of Money Matters Inc., Burke, Va., is a tax-law specialist and financial adviser.

when you pay to have your children cared for so you can work. Beyond the actual fees you pay for child care, you can claim a credit when you pay a care provider's share of Social Security taxes on the provider's behalf.

One couple was a little too creative when they tried to claim the tax credit for air fare they paid to send their kids to their grandparents. The Tax Court said no, even though the grandparents cared for the children while the parents worked.

Slashing Insurance Premiums

By increasing the deductible you carry on your home, auto, and health policies, you can substantially reduce your insurance costs.

The deductible is the amount of any loss you will shoulder before the insurance company will pay a claim. If you carry a \$250 deductible on your homeowners' policy and incur \$800 in damage, the insurer will reimburse \$550.

The larger the deductible, the lower your premium. For example, the insurance on a 1988 Toyota Camry might run you \$560 a year if the deductible is \$100. If you would accept a \$500 deductible, the premium would drop to \$400. Said another way, you are paying \$160 in additional premium for \$400 in additional coverage.

Talk with your insurance agent to see how much you can save in premiums by increasing your deductibles on all of your policies.

The Risks In Joint Bank Accounts

You take a dual risk whenever you grant signature authority in your personal and business bank accounts, no matter how much you trust a person. Although you may not like to think about it, there is always the possibility that a spouse, relative, friend, or business associate who is on your account will withdraw funds when he or she shouldn't.

Also, there is the IRS, which can seize all of the funds in a joint bank account to settle the personal tax bill of any one account holder.

Not Filing Is Bad; Is It Fraud?

The Tax Court ruled recently that a taxpayer who simply failed to file his returns was not automatically guilty of fraud. He had to pay the late-filing penalty, plus interest on what he owed. But the IRS went too far when it charged



PHOTO: © JEN RILEY-FOLIO INC.

Are auto-insurance premiums crunching your budget? You could lower your costs by raising your deductible.

him with fraud, because it was not able to prove that the taxpayer had tried to hide his income. He just didn't report it.

Ethical Investing

It's difficult to avoid making moral and ethical judgments about individuals and businesses. When you feel you have been mistreated by a firm, you don't shop there. If you feel strongly about the policies of a particular foreign country, you do not invest in companies that do business there, and you might even bring pressure on universities and other organizations to sell their stock holdings in firms that do.

More people than ever before are consuming and investing according to their own sense of ethics and morality on issues that are important to them—pollution, nuclear energy, racial equality, women's rights, animal testing, food additives, and so on. Socially responsible investing can be rewarding in more than one way. You can put your money where your mouth is, so to speak, by investing only in firms that support your views or by purposely avoiding those that offend them. And you can make a profit doing it.

Few firms will meet everyone's standards, but many businesses are good corporate citizens. They have found that it pays to keep the environment

clean (so there are no Environmental Protection Agency penalties), maintain good labor relations (to avoid costly strikes that could send them into bankruptcy), and offer food and other products that appeal specifically to consumers who are health-conscious. Their bottom lines go up, and so do their stock prices.

You have lots of options when it comes to ethical investing. A handful of mutual funds are specifically geared to this viewpoint, or you can invest in the stocks of specific firms. Your broker should be able to help.

Perhaps the best reading on the subject is *Ethical Investing*, by Peter Kinder and Ami Domini (Addison Wesley).

Churning Investment Accounts

Avoid stockbrokers who want a free hand with your account. In a recent case that came before the Securities and Exchange Commission and the National Association of Securities Dealers, an elderly widow was victimized by a couple of unscrupulous investment brokers. The brokers had dissipated her account by making so many trades that their commissions, fees, and other charges consumed more than half of her \$100,000 account in only 13 months. Her account would have had to return better than 50 percent to break even.

Most brokers don't want carte blanche, if for no other reason than that they don't want to be accused of mishandling your account should you lose money. **■**

OSHA Lacks Impact On Worker Safety

By Warren T. Brookes

Over the past seven years, U.S. manufacturing productivity has risen at its fastest average annual rate—4.2 percent—since World War II. One reason has to be the respite, however modest, from the intense regulatory overkill of the 1970s.

Unhappily, that respite is now over; the new administration is coming under increasing pressure to demonstrate its regulatory manhood in everything from the environment to safety. But too often, those pressures are without foundation in solid fact.

Consider the top story in the June 16 *Wall Street Journal*, by reporter Clare Ansberry: "Risky Business: Workplace Injuries Proliferate as Concerns Push People to Produce." It began with an account of a tragic accident in an Indiana plating plant. During a rush to install a faster production process, a worker cleaning the inside of a chemical-storage tank died from hydrogen cyanide gas fumes, and four others died trying to rescue him.

The story then pointed out that in 1987, the national rate of work-related injuries and illnesses jumped 5 percent overall and 12 percent in manufacturing, and it went on to suggest that this was primarily the result of "merger mania and competition." As one safety official was quoted, "When hundreds of millions of dollars spent managing a company, including safety and health, now go to bondholders, something has to give." Powerful stuff.

The trouble is that Ms. Ansberry did not report that accident rates always go up in an expansion, and they went up much less in the first five years of the current one—which began in 1982—than in the previous one—1975 to 1980.

In the earlier expansion, lost workdays attributable to nonfatal accidents or illnesses rose 21 percent; from 1982 to 1987 they rose about 5 percent. Lost workdays rose 16 percent in the earlier period but just 7 percent since 1982.

More important, the overall rate of work-related accidents and illnesses actually fell from 1982 to 1987 by about 4.3 percent, as it did from 1975-1980. This decline continued a long downward trend that began in 1946, as soaring insurance and workers'-compensation rates have made employers more and more safety-conscious, simply as a

matter of the bottom line. Indeed, workers'-compensation payments rose slightly less from 1982 to 1987 than they did in the earlier expansion.

All of these trends suggest the fallacy of another thesis of the *Journal* article, namely that an "understaffed" and "untrained" Occupational Safety and Health Administration (OSHA) during the Reagan administration was simply not watching employers closely enough. In fact, there is absolutely no evidence that OSHA has made any difference to the long-term safety trends in the workplace regardless of which administration was in power.

Soaring insurance and workers'-compensation rates have made employers more and more safety-conscious. ... There is absolutely no evidence that OSHA has made any difference to the long-term safety trends in the workplace.



Warren T. Brookes is a nationally syndicated columnist on economic issues.

The period of OSHA's most intense, most irritating (to business), and most costly activity came during the economic recovery of 1975 to 1979, when the number of OSHA inspectors reached and stayed at a level of about 1,370. In that period, OSHA conducted an average of about 60,000 inspections a year. OSHA's regulatory excess became a political issue in 1980, partly because of the lack of any evidence that the huge compliance costs for OSHA were producing significant safety gains over and above the long-term positive trend.

Yet you can find almost the same picture from 1982 to 1987, when the Reagan administration quit inspecting

plants at random, cut the inspection force by 25 percent, and concentrated inspections on companies and industries with bad safety records. The number of inspections actually increased slightly, to an average of about 65,000 a year, yet from 1982 to 1987 there was equally little improvement over trend.

While it cannot be said (as labor unions have charged) that the Reagan policies hurt the trend in worker safety, it also cannot be argued that the policies made that trend any more favorable than it would have been anyway under the normally mounting pressure of tort-liability suits by workers and soaring workers'-compensation costs.

So one wonders why the prestigious Committee for Economic Development (CED) said in a May 10 report: "There is spotty but generally positive evidence that OSHA regulation has reduced injury rates in the workplace." It may have been a smoke screen for a larger attack on the soaring costs of tort-liability cases against companies and products, at least one-third of which are for work-related injuries or liabilities.

CED argues sensibly that any company complying with OSHA and paying for workers' compensation should not have to face workers in court: "Tort actions against product suppliers and employers for work-related injuries should be disallowed. Workers' compensation should be restored to its original role as the sole remedy for work-related injuries and diseases where occupational exposure is the predominant cause. The current combination of market forces, OSHA regulation, and workers' compensation provides strong incentives for controlling risk in the workplace."

In short, CED sees OSHA and workers' compensation as additional liability insurance. Given the costs of tort actions, this position is understandable.

But does this justify continuing to spend \$240 million a year on an agency that apparently has done nothing to improve worker safety? Does it justify the additional \$10 billion in compliance costs—most of which have been driven not by safety concerns but by union efforts to use OSHA to slow down labor-saving gains in methods and machinery?

I think not. ■

At Meridian Bank, money isn't everything.



We also lend a willingness to get our hands dirty—to do anything it takes to really understand your business.

At Meridian, we like to dig beneath the surface. Uncover new markets. And provide funding for new growth. It's part of our commitment to each and every customer. It makes us quick to respond to their needs.

In fact, a recent independent study* revealed that Meridian customers feel we provide them with excellent service and satisfaction.

That's because we believe we're only as good as the combined strength of our customers. We know that the better they do, the better we do.

In essence, as a Meridian customer, you are the bank. It's a rare bank that remembers it. Meridian never forgets it.

We're not afraid to get our hands dirty. Because at Meridian Bank, money isn't everything—though we lend a lot of that too.

*Conducted by the Philadelphia office of Grant Thornton, an accounting and management consulting firm, the study presents an evaluation of bank performance by middle-market companies.



Professionals with the personal touch.

Hampered.



Pampered.



Four walls do not
a hotel room make.

At least not at
Marriott Suites.

For the price of
your usual hotel room,
we give you an
unusual hotel room.

One that comes
with a comfortable
bedroom and a whole
other room to work
in, meet in, eat in...
or just sit around
thinking how good
it feels not to be
boxed in.

NOW OPEN IN
DOWNERS GROVE, IL
INTRODUCTORY RATE

\$89*

\$59 WEEKENDS**

Marriott Suites

Atlanta Midtown • Atlanta Perimeter • Chicago Downers Grove • Chicago O'Hare • Newport Beach, CA • Scottsdale, AZ.

Opening this month in Wilmington, Delaware. Opening October in Costa Mesa, California.

Corporate Rates range from \$99-\$139 depending on location. Lower weekend rates available.**

For reservations and information, call toll-free 1-800-228-9290.

*Downers Grove only-through August 31. **Availability limited.

© 1989 Marriott Suites

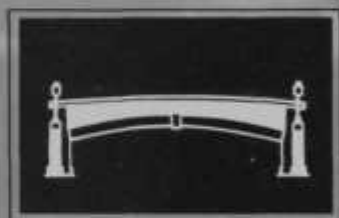
BIG DREAMS BIG DREAMERS

Michael J. Morris, '56, President of Transport International Pool, is chairing Saint Joseph's University's \$60 million capital campaign.

"Future students will need first-rate programs and facilities. This campaign will ensure our dreams."

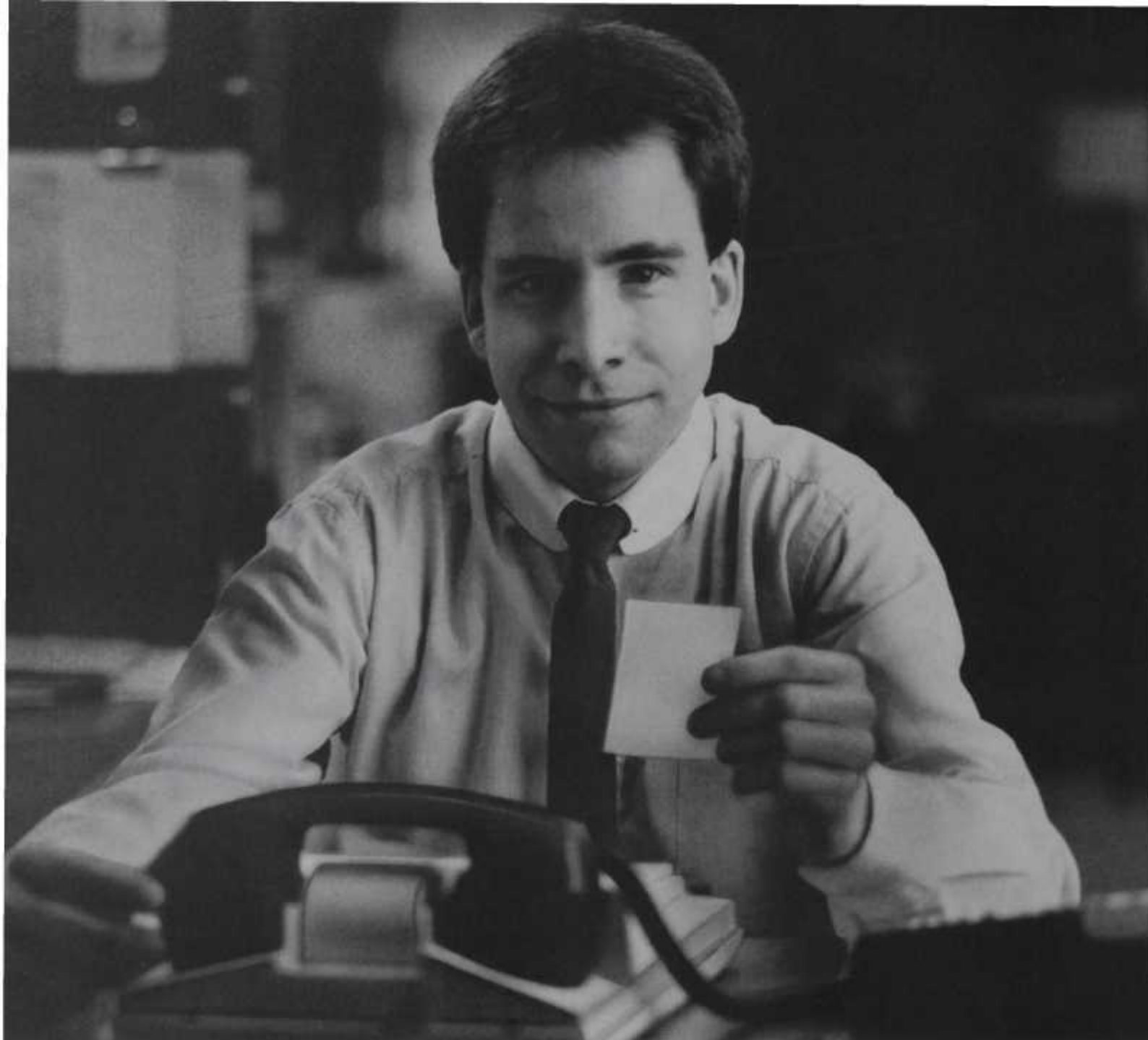
For information, call:
215/660-1235

BUILDING
BRIDGES



THE CAMPAIGN FOR
SAINT JOSEPH'S
UNIVERSITY





Joe Ward isn't your average customer.

In fact, Joe Ward was born without the ability to hear.

Last year, when Joe read about our Customer Service Center hotline, he alerted us to the fact that he was unable to use it. And suggested we investigate the technology that enables the hearing impaired to send and receive typewritten messages over the phone.

As with all our customers, we took Joe's comments to heart.

Today, when Joe needs an answer concerning his money, all he has to do is pick up the phone.



We never forget
it's your money.

Hearing-impaired customers with TTYs can call (215) 734-5599, 8:30 AM to 5:00 PM, weekdays.

Classified Ads

Classified Rates And Information

To place a classified ad CALL TOLL FREE, 800-424-6746 (in Washington, DC call 463-5640) or write Nation's Business Classified, PO Box 1200, Washington, DC 20013. Closing date for advertising is five weeks preceding date of issue. Rates are based on frequency at a per line per insert cost as follows:

1x	3x	6x	12x	—frequency
\$45	\$40	\$35	\$25	—line rate

Ad minimums: solid set, 3 lines; display, 1 inch.

How To Reply To Box Numbers

Box (number in ad), Nation's Business Classified, PO Box 1200, Washington, DC 20013.

ADVISORY SERVICES

TRADEMARK SEARCHES & APPLICATIONS: Expedited registrations made easier & faster. Product/Trademark creation. Patent Searches. Trademarkers, Ltd., 301-229-7777.

AUTOMOTIVE

Cadillacs, Mercedes, Porsche, etc. direct from Government. Seized in drug raids. Available your area. Save thousands! 216-453-3000. Ext. A8141.

SEIZED CARS, trucks, boats, 4-wheelers, motorhomes, by FBI, IRS, DEA. Available your area now. Call (805) 682-7555 Ext. C-1389.

BUSINESS OPPORTUNITIES

CONSULTANTS NEEDED - Conduct popular, professional growth seminars. Free information: The Educated Edge, Box 1015, Johnstown, PA 15905.

YOU CAN EARN POWERFUL INCOME: distributing MULTI-PURE Water Filters 100% guaranteed finest quality avail. Market exploding! PROFIT NOW! 1-800-334-5543 Ext. 127.

Contractor type business. New service industry. Requires \$11,400.00. Quick return on investment secured by inventory. High profit margins. 1-800-328-4650.

STARTING YOUR OWN BUSINESS. FREE Subscription to Opportunity Magazine tells how. Write Opportunity, Dept. R37, 6 N. Michigan, Chicago, IL 60602.

FREE REPORT: Earn up to \$7,000 monthly as Loan Broker without experience or investment. Start part-time. Financial, 2578-BN, Anaheim, CA 92803.

POWER EARNINGS! \$400 daily buying & selling automobiles wholesale, even without investment! Complete expert instructions. For free details write: JF Smith, Box 2065, Titusville, FL 32761.

25,000 BUSINESSES
FOR SALE BY OWNER
Business Owners MLS
Call: 1-800-327-9630

15 YR. OLD CARPET CLEANING business for sale. Grossing over \$700,000. Great cash flow. Huge contracts, trucks & equip. incl. Easy to expand. Operating in OH, KY, IN, WVA. Owner netting \$100,000. Willing to work PT. \$165,000. Call 513-434-6340 or Wally Beerman, 513-434-2222.

OWN YOUR OWN NON-FRANCHISE LADIES APPAREL STORE. Possible six figure income and access to over 2,500 designers and suppliers nationwide and abroad. Financing available to qualified entrepreneurs. Call FASHION USA at 1-800-444-8927.

MILLIONS NEED LOANS/CREDIT

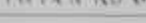
Cash in with your own prestigious money consulting business. No educational requirement. Start part-time. 10-year old national firm provides training support. FREE Valuable Report. PFA, Box 697-G2N, Dana Point, CA 92629. 714-240-0405, X104-G2N.

Become a mail-order guidance counselor...

Use our computers to match students to scholarships. (No experience necessary—we do the computer work.)

We offer you the prestige opportunity to earn vast amounts of money assisting families who desperately need your help. \$495 required if accepted. Up to 300% profit—millions of names available yearly.

1-800-USA-1221
ACADEMIC GUIDANCE SERVICES
2500 W. 10th St., Suite 100, Tulsa, OK 74104



NATION'S BUSINESS CLASSIFIED

BUSINESS OPPORTUNITIES

HOME IMPORT MAIL ORDER BUSINESS. Start without capital. FREE REPORT. Melfinger, Dept. C1559, Woodland Hills, California 91367.

LET'S MAKE MONEY
No investment, p/t or f/t. SASE to: PSA, 8250 NW 58th St., Miami, FL 33166. 305-591-0021, collect, for Daniel.

UNIQUE USA & INT'L IMPORT/EXPORT BUSINESS DEVELOPMENT GUIDE. \$39.50/copy or free details. GRIST, P.O. Box 227, Amherst, MA 01004.

BEST KEPT SECRET: Earn profits of \$50,000 to \$150,000 with investment as low as \$50,000 owning a CHECK CASHING SERVICE. Extremely liquid "inventory." HMC Consulting, 707 SE 122nd Ave., Portland, OR 97233, (503)255-1127.

BIG INCOME AS A REP
How to get started. Lines offered. Group programs. United Asian Manufacturers' Reps, Box 6266-N, Kansas City, KS 66106. (913) 268-9466.

ARAB BUSINESSMEN
HAVE MONEY TO BUY & INVEST.
Top finders fee paid. Dept. 889NB1
Box 100, Nation's Business

EARN QUICK CASH: Buy Sell Government seized houses, autos, computers, boats, furniture, stereos, etc. Everything dirt cheap. Free Details: Seizures, Box 4309-BN, West Covina, CA 91791.

TAKE CATALOG ORDERS. We drop-ship 2,955 best selling specialty products. Lowest below wholesale prices. Immediate delivery. Spectacular home business opportunity. FREE BOOK: SMC, 9401 De Soto Avenue, Dept. 464-08, Chatsworth, CA 91311-4991.

BUSINESS OPPORTUNITY OF A LIFETIME!

Now you can start your own business in your spare-time and obtain financial freedom. For exciting details write: Success, 2509 Thousand Oaks Blvd., Ste. 448D, Thousand Oaks, CA 91326, or call 1-800-777-8831, Ext. 700.

WEALTH AND SUCCESS FROM A BUSINESS
You can build financial independence. Believe it! Send for free catalog of valuable "how-to" books & guides. Don't wait - act now! Write to W. Charles & Co., 26740 SW Parkway Ave. #A-1, Wilsonville, OR 97070.

MAILORDER OPPORTUNITY! Start profitable home business in America's fastest growing industry. Nationally known authority will teach you. Write for free book, sample catalog, plus details. No obligation. Mail Order Associates, Dept. 57, Monrovia, NJ 07645.

THE REC HOUSE

is a UNIQUE & exciting recreational/sports product ready to market. Through a licensing arrangement with the entrepreneur owner you can operate your own business in your chosen territory. Write for details & color brochure: President, PO Box 100, Pennington, NJ 08534.

INCREASE SALES - USE AN 800 LINE! AND OUR CREDIT CARD PROCESSING

America's only company offering 800 line answering for just \$35.00 per month! It's true. Plus much, much more. We can design & place your advertising. Answer your response, process the credit card sales, store & ship your product & give you WATS lines, TLX & FAX numbers for your own letterhead. Pick only the service you need. Call Danny Wolf, Wolf Airport, Eldersburg, MD 21784 at 800-638-2000 or 800-831-4300 in MD. Telerep 800 can increase your business. try us.

BUSINESS SERVICES

BUSINESS VALUATIONS

From \$1,000
Call For Brochure 1-212-772-0039

CAMERA-READY FLYER CREATED TO PROMOTE your business. \$4.00 w/your sketched idea. Free sample. JC Designs, 2526 Lamar, Ste. 231, Paris, TX 75460.

INCORPORATE

Take Advantage of Nevada's New

Corporation Laws!

• Personal Liability Protection

• No Corporation Tax

Save on Legal Fees. Call or Write:

Paragon Executive Services, Inc.

P.O. Box 5579, Stateline, NV 89449

1-800-562-5845

702-588-4554

1000 BUSINESS CARDS \$12.98

Raised Letter - Your Choice Of

Red, Blue, Green, Brown or Black Ink On White Stock

1000

Door Knob Hangers

\$29.95

Printed 3 1/2" x 8 1/2" On

Colored Stock in Black Ink

1000

Numbered Raffle Tickets

\$30.95

2 1/2" x 5 1/2" with Tear Off Stub

Colored Stock and Black Ink

Shipping Charges: Please Add 10% if East of Mississippi River, 20% if West of Mississippi River. Minimum \$2.00 - FREE Catalog

SWEDCO • P.O. Box 3008 • 119 N. Main St. • Mooresville, NC 28115

BUSINESS SERVICES

TAX PROBLEMS? FINANCING NEEDS? We specialize in resolving tax liens and levies, other IRS matters and in obtaining business acquisitions and extension capitol. Lemaire Tax and Financial Services, Los Angeles (213) 930-2206, New York (212) 370-1301.

before you hire

CROSS OUT THE CROOKS*



WITHOUT POLYGRAPH
Nationwide hundreds of Corporations use P.O.S. PRE-EMPLOYMENT OPINION SURVEY

(a one page questionnaire)

• PROVEN VALID

• LEGAL IN ALL STATES

• EASY TO UTILIZE

• COST VERY LITTLE

For complete information

write or phone (Toll Free)

P.O.S. Corporation

P.O. Box 48232 • Chicago, IL 60648

1-800-621-4008

CARPET

CARPET-VINYL-HARDWOOD: BUY DIRECT & SAVE 50-70%. STAINMASTER & ANSO V. All major brands. 1-800-548-5815. Free quotes/samples. TC Distributor, Dalton, GA.

TREMENDOUS SAVINGS ON MAJOR BRANDS OF CARPET
From the Carpet Capital of the World

FEATURING CARPETS OF ANSO V WORRY-FREE

Built-in Resistance to Stain, Soil, Static, & Wear

Call or write for brochure and samples. BECKLER'S CARPET OUTLET, INC., P.O. Box 9, Dalton, GA 30720. Call 404-277-1151. Established 1949

Buy direct from mill outlet and save!

Buy Direct. Save 40 to 50%
Barrett's "CARPET MILL STORE"
(A MILL OWNED OUTLET)

Big savings — all qualities business & home carpets. Call, visit, or write requirements with \$10 for samples (refundable upon return or purchase). 1-75, ext 135, (3004 Parquet Rd.) Dalton, GA 30720. 1-800-241-4064, ext. 70. In Georgia 1-800-447-2114.

COMPUTERS/ACCESSORIES/SOFTWARE

MARYMAC INDUSTRIES INC.

Our 13th year of DISCOUNTS

Tandy® Computers Radio Shack® Products

Fgt. Prepaid. Save Tax

Toll Free 800-231-3680

22511 Katy Fwy., Katy (Houston) TX 77450

1-713-392-0747 FAX: (713) 574-4557

COMPUTER SUPPLIES

NOBODY BEATS OUR FAX
PAPER AND RIBBON PRICES!

★★★ 50 - 70% OFF ★★★

TOLL FREE: 1-800-327-1013
AMERICAN RIBBON COMPANY

CONSULTANTS

Management advisory advcs., mfg. systems, inventory & production control, product liability, quality control, PC programming & integration. R. Breakiron & Assoc. 1-802-435-1448.

DIRECTORIES/GUIDES/PUBLICATIONS

BUYOUTS, TURNAROUNDS & WORKOUTS

Find them in the Business Bankruptcy Report.

212-642-8249

DIRECTORIES/GUIDES/PUBLICATIONS

Collect Your Overdue Accounts & keep them current. Easy to read 5 pg. booklet can improve cash flow & reduce bad debts. Send \$16. Clark, Box 134, Cheltenham, PA 19012.

EDUCATION/TRAINING PROGRAMS

Finish Your BA/MS/MBA/PhD/JD by con. CityUnivLA, 3960 Wilshire Blvd., LA, CA 90010. 60 sem. credits required. 1-800-262-8388/213-382-3801.

FREE COLLEGE TAPE External Degrees Bus./Pub. Admin. Graduate/Undergraduate, LAW, Financial Aid. (800) 759-0005. LASALLE UNIVERSITY.

UNIVERSITY DEGREES FOR LIFE & WORK EXPERIENCES. BA, MA, PhD's. Send resume for no cost evaluation or write: NAU, 3760 S. Highland Dr., Ste. 200A, Salt Lake City, UT 84106. 1-800-777-9042, ext. 125. 801-272-4800.

OFF-CAMPUS individualized programs for professionals at Somerset lead to American Doctor's degrees including Higher Doctorates. For a general catalog send \$8 to the International Administrative Center, Somerset University, Ilminster, Somerset, TA19, OBO England. Tel (0450) 57255.

BACHELORS, MASTERS, DOCTORAL DEGREES Non-residential programs. Send resume, mention Academic Field, and we'll tell you the credits you've already earned from work experience. No Obligation. SOUTHWEST UNIVERSITY, 4532 West Napoleon Ave., Metairie, LA 70001. (800) 433-5925 or 433-5923.

BACHELOR'S, MASTER'S, DOCTORATE. Guide to colleges offering nonresidential degree programs through independent home study. Accredited, economical, accelerated program. Credit given for prior accomplishments and work experience. Free detailed brochure. Write: Dr. John Bear, 862 Southampton Rd., Ste. 102-NB, Benicia, CA 94510.

Fully Approved University Degrees!

Economical home study for Bachelor's, Master's, Ph.D., FULLY APPROVED by California State Department of Education. Prestigious faculty counsels for independent study & life experience credits (5000 enrolled students, 400 faculty). FREE INFORMATION - Richard Crews, MD (Harvard), President, Columbia Pacific University, Dept. 3J87, 1415 Third St., San Rafael, CA 94901. Toll free: 800-227-0119, CA: 800-552-5522 or 415-459-1650.

EXECUTIVE GIFTS

*****WATCH REPLICAS*****

GUARANTEED LOWEST PRICES! Warranty! Goldplated! Exact weight! LIMITED FREE PROMOTIONS! CALL NOW (404) 963-3USA.

FACSIMILE MACHINES

FAX MACHINES FAX PAPER True wholesale prices on SHARP and CANON Fax. Call us last for your best price. UNITED WHOLESALE 1-800-365-8866

FREE!! FAX PAPER

With Every Machine Purchased

WE OFFER TOP DISCOUNTS ON SHARP • MURATA • CANON

- BEST PRICES IN THE COUNTRY
- FULL SERVICE AND TRAINING
- NO SALES TAX

CALL US TODAY **FAX OF AMERICA**
1-800-342-FAXX
In Indiana call 1-219-256-7019
AMERICA'S LOW PRICE FAX DISTRIBUTOR

FINANCE/INVESTMENTS

EXPANSION CAPITAL

From our data base of over 2,000 banks we can find you long term money for your business. 1-212-772-0039.

HOW TO BORROW \$750,000 FROM THE SMALL BUSINESS ADMINISTRATION. CALL: 1-800-284-4688. 24 Hour Hotline

FRANCHISE OPPORTUNITIES/SERVICES

GET THE FACTS ON OVER 4,185 FRANCHISORS 1989 Franchise Annual Directory includes Handbook concerning what you should know before entering Franchise \$29.95 includes first-class shipping. Money-back Guarantee. INFO FRANCHISE NEWS, 728 K Center St, Lewiston, NY 14092.

FRANCHISE OPPORTUNITIES/SERVICES

Partytown U.S.A.

The leading name in Party Goods Franchises. Join an industry with a 25% growth rate.

Partytown

USA

470-0012

"This offering is by Prospectus only"

aaoc franchise opportunity

accountants on call

Specialized Temporary Help Services

Offering: • Ownership • Control • Specialization

• Leadership Position in the Market • Training & Support

Richard Pittus, V.P. 95 Route 17 So., Paramus, NJ 07652

1-800-545-0006 Offer by Prospectus only

© 1989 accountants on call

FRANCHISE

Your Business.

FRANCHISE CONSULTING GROUP, INC.

the franchise consultants

800-358-8011 BOSTON 617-740-2211

HOME/OFFICE FURNISHINGS

CARPET-VINYL-HARDWOOD. BUY DIRECT & SAVE 50-70%. STAINMASTER & ANSO V. All major brands. 1-800-548-5815. Free quotes/samples. TC Distributor, Dalton, GA.

TREMENDOUS SAVINGS ON MAJOR BRANDS OF FURNITURE

Call or write Loftin-Black Furniture Co. 111 Sedgemoor Dr., Thomasville, NC 27360

CALL TOLL FREE 1-800-334-7396

(In N.C. call 919-472-8117)

NATIONWIDE HOME DELIVERY

IMPORT/EXPORT

HOW TO IMPORT/EXPORT

Sources, etc. Kitco, Drawer 6266-N, Kansas City, Kansas 66106.

INTERNATIONAL NEWSLETTER/TRADE LEADS: "The Palmer Letter", a monthly publication, covers such topics as: EC92, US/Canada Free Trade Act, foreign currency trends, international travel, customs, foreign firms seeking US agents or distributors, joint ventures, importing & exporting, shipping, letters of credit, plus much more. Send \$95 check or MO for 12 month subscription to: Palmer & Doty Associates, Inc., 2715 Vernon Ct., Woodridge, IL 60517.

INDUSTRIAL PRODUCTS

PLUG IN COMPUTER ROOM AIR CONDITIONING

BUY-RENT-LEASE

TRIANGLE ATLANTIC CORPORATION

BALTIMORE, MD 1 (800) 567-7004

INVENTIONS

HAVE AN IDEA, INVENTION, OR NEW PRODUCT? Don't know what to do? Call AIM, we may be able to help. Call for free info kit, toll free 1-800-225-5800.

INVENTIONS, IDEAS, NEW PRODUCTS WANTED! 1-800-288-IDEA

ISC-NAB, 903 Liberty, Pittsburgh, PA 15222

LEARN HOW to offer your invention for sale or license. Free booklet outlines procedures, royalty rates, requirements. Kessler Sales Corporation, C-62, Fremont, Ohio 43420.

A NEW IDEA? Call National Idea Center of Washington D.C. free info - 1-800-247-6800, extension 160. Come see The Invention Store!

INVENTORS! Can you patent and profit from your idea? Call AMERICAN INVENTORS CORPORATION for free information. Over a decade of service. 1-800-338-5656. In Canada call: (416) 566-3753.

MAIL ORDER

MILLIONAIRE Mailorder Expert Reveals Money-Making Secrets! Exciting. Hour Cassette \$1.00. Melvan Powers, No. Hollywood, California 91605.

BUFFALO STEAKS, ROASTS, BURGERS, JERKY & COLD CUTS. We Feed'em. We Process'em. We Mail Anywhere. Low Cholesterol, Low Fat! Retail buffalo capital of Wisconsin.

S & D Buffalo Farm
Box 6, Juda, WI 53550. 608-934-5241

MAILING LISTS SERVICES

MAILING LISTS. Every category available. Call for FREE catalog. First National List Service. TOLL-FREE: 800-821-5548 (in IL: 312-275-4422).

FREE MAILING LIST CONSULTATION. Every category available. Details: GOC/59S, box 1107, Stuart, FL 34995. Or call for free consultation, 800-554-LIST or 407-334-5205.

MANUFACTURING

WANTED VINYL WINDOW MANUFACTURERS

Contact Vinylume Products for an opportunity to manufacture vinyl tilt replacement windows plus a complete line of vinyl casement windows & vinyl storm windows. KD programs available. Exclusive territories available. Minimal investment required. Call or write for details: VINYLUME PRODUCTS, INC., 904 Tod Ave., Youngstown, OH 44502. 216-744-4153.

MARKET INFORMATION

USE INFORMATION TO INCREASE SALES

Information on your market from \$149.00. MARKET PROFILES, INDUSTRY PROFILES, TERRITORY PROFILES, TARGETED PROSPECT LISTS, DATABASES. For FREE catalog call MARKETING DATA SYSTEMS, 201-682-3384. 7 Daniel Rd., Fairfield, NJ 07006.

PRINTING

BEAUTIFUL EMBOSSED BUSINESS CARDS. 1-color \$21.95 per thousand, 2-color \$24.95 per thousand. Free samples, fast service, pre-paid delivery. Mark It Write, 8362 State Rd.-H, Philadelphia, PA 19136. (215) 338-6661. Fax it: (215) 624-8488

REAL ESTATE

FOR SALE

BLUE RIDGE PARKWAY FARMS. 195, 41, 61 Acres. Showplaces. Call 1-800-442-7906.

REPOSSESSED VA & HUD HOMES available from government from \$1 without credit check. You repair. Also tax delinquent foreclosures. CALL (605) 682-7555 Ext. H-1567 for repo list your area.

RETIREMENT/VACATION/INVESTMENT PROPERTY SEVEN LAKES-Pinehurst, NC area. Est. 5000 acre private resort. Golf & tennis, boating, fishing & swimming; riding; 24/7 security. Homes & homesites available. Private amenities to owners. Free info: Carolina Landmark, PO Box 463, West End, NC 27376. 919-673-1311.

SEMINARS/CONFERENCES/CONVENTIONS

ATTENTION MEETING PLANNERS

Your program will be terrific with our speakers. Call us for ideas. National News Speakers Bureau, 1199 National Press Bldg., Wash. DC 20045. Mary Lou Keaney, 202-638-7468.

TELEPHONE/TELEX SERVICES/EQUIPMENT

BUSINESS TELEPHONE equipment & PBX from bankruptcies. AT&T, ITT, TIE, MITEL, NEC, SL-1, ROLM, SIEMENS, & more. Consolidated Assets & Acquisitions: 407-471-7061.

GUARANTEED LOWEST COST SERVICE IN AMERICA. WATS lines, Telex Lines & Facsimile lines for your letterhead, as low as \$6.25 per month! Call 800-636-2000 or 600-831-4300 in MD. FAX 301-549-2867.

TRAVEL/VACATION RENTALS/EXCHANGES

ST. CROIX VILLA. Maid, pool, 5/1-11/15, \$1,000/wk.; 11/16-4/30, \$1,750/wk. Low airfare. Bev Collins, Wright Ln, Westford, MA 01886. 508-692-8813. Also, homesite with expansive sea view for sale.

CARIBBEAN/NEW ENGLAND YACHT CHARTERS. Spend your next vacation aboard your own private yacht. Choose power or sail, crewed or bareboat, & size ranging 30-200+. We also handle corporate & private entertaining. Call now to reserve the yacht of your choice. NORWALK YACHT CHARTERS, 1-800-243-2744, in CT 203-852-7092, or FAX 203-838-9756.

FREE INFORMATION

1-800-443-5903

CALL NOW toll free to learn more about the products and services offered by our advertisers, or fill out the attached card.

Academic Guidance Services 12
 Amerisure Companies 60
 D&B Lotus 1-2-3 66
 Dale Carnegie & Associates 1
 Executive Seminars in Sound 75
 Fashion USA 3
 Franchising Video 108
 High Country Fashions 56
 Jani-King International 14
 Lindal Cedar Homes 83
 MAACO Enterprises 33
 Mail Boxes Etc. USA 23
 Management Recruiters 59
 Navistar International 100
 North American Specialty Insurance Co. 30
 Swintec Corp. 51
 Tillinghast 5
 Toyota Motor Sales 8
 US West Public Phones 61
 Varco-Pruden Buildings 7
 Volvo GM Heavy Truck Corp. 55

THE NATION'S BUSINESS

Where I Stand

Results of this monthly poll are forwarded to top government officials in the White House and Congress.

1. Amend Wage Law For Federal Contractors?

A bill before Congress would amend the Davis-Bacon Act—the "maximum-wage" law applied to federal construction contractors. The bill would exempt from Davis-Bacon coverage those companies with contracts under \$250,000. It also would increase management flexi-

bility and decrease paperwork requirements for those with larger contracts. Supporters believe the bill would increase competition, since most small contractors now shun federal work due to Davis-Bacon's rigid requirements. Opponents charge the bill would allow unscrupulous contractors to pay less than equitable wages. Should Congress amend the Davis-Bacon Act?

2. Preserve Nuclear Power As Energy Option?

Recent concerns about air quality and global climate changes have rekindled debate about nuclear fission as an energy source. Pro-nuclear forces maintain this energy source is abundant and pollution-free. They point out that more than 100 nuclear plants are operating in

the U.S. now, and there is no evidence that anyone ever has been harmed by radiation from any of them. Anti-nuclear activists counter that even those facilities designed for the greatest safety are not disaster-proof. Should nuclear power be maintained as an energy option?

3. Negotiate More Bilateral Trade Treaties?

Widespread acclaim of the Canada-U.S. Free-Trade Agreement has prompted some to advocate bilateral accords with Mexico, Taiwan, and other countries. They say that trade negotiations involving only one other country are more effective in achieving the simplified

procedures and rules that are especially beneficial to small U.S. exporters. Opponents maintain that the longstanding U.S.-Canada trade relationship is unique and that widespread adoption of bilateral treaties could undermine multilateral negotiations under the General Agreement on Tariffs and Trade. Should the U.S. pursue other bilateral trade pacts?

Verdicts On June Poll

Here is how readers responded to the questions in the June issue.

	Yes	No	Undecided
Should some in Congress be allowed to keep excess campaign funds?	9%	89%	2%
Should the definition of campaign expenditures be narrowed?	87%	10%	3%
Should unions be allowed to use dues for partisan activities?	6%	90%	4%



Send in your vote on the inserted postpaid card. Your views on any of these questions are also welcome as letters to the Editor, Nation's Business, 1615 H Street, N.W., Washington, D.C. 20062.

Direct Line



ILLUSTRATIONS: SHARON COHEN

Toy Troves

I am very interested in opening a children's toy store. Where can I obtain more information to begin and supply

Financial Planners

I have a small business and would like to invest some of my capital. How can I find out if financial consultants have had any complaints filed against them?
L.V., Cliffside Park, N.J.

A local consumer-affairs or business organization might know of financial consultants in your area who have been subjects of clients' complaints.

The International Association for Financial Planners offers free pamphlets such as the *Financial Planning Consumer Bill of Rights*, which outlines the dos and don'ts of the industry.

Answers to your questions about buying merchandise, testing your market, getting funded, and setting rates.

A Bridal-Shop-To-Be?

A colleague and I are interested in opening a bridal shop/dress salon. We would like to cater to middle- and upper-income people in California. We are recent college graduates with marketing/management degrees, and we would like to know if there is a market for this kind of business in the Los Angeles area.

T.M. and N.V., El Segundo, Calif.

You are smart to be doing your homework.

Barbara Houlgrave, vice president of the trade association for the bridal in-

Where I Stand

OTE On These Issues ☒

yes no unsure

Issue #1 ☐ ☐ ☐

Issue #2 ☐ ☐ ☐

Issue #3 ☐ ☐ ☐

Circle all appropriate:

Type Of Firm:

- Manufacturing
- Construction
- Finance/Insurance/Real Estate
- Retail/Wholesale
- Professional Services
- Mining/Agriculture
- Transport./Public Util.
- Telecommunications
- Other

Title

- 1) Chairman
- 2) President
- 3) Owner/Partner
- 4) Vice Pres.
- 5) Gen. Mgr.
- 6) Financial Mgr.
- 10) Other

Or
Employees: 3) 100 to 499
1 to 25 4) 500 to 999
26 to 99 5) 1000 +

Guest

admitted to the 10-day event, which has exhibits by about 1,100 toy companies. You may place your orders directly through the wholesalers at the fair or by mail.

In addition, there are regional toy fairs around the country. Contact the TMA for a list of the regional fairs and for more information on next year's national fair. Write to TMA, c/o Toy Fair Department, 200 Fifth Ave., Room 740, New York, N.Y. 10010.

how to expand into the greeting-card business are among the questions most frequently asked of Patti Brickman of the Greeting Cards Association. The GCA has several educational booklets that may help you. Brickman suggests you contact the GCA for a list of materials.

The address is 1350 New York Ave., N.W., Suite 615, Washington, D.C. 20005; the phone number is (202) 393-1778.

Capital

like to know the procedure for government venture capital that the U.S. government offers to start-up businesses.

A.G. Jr., Hillsdale, N.J.

The Small Business Administration (SBA) licenses and regulates small-business investment companies and minority-enterprise small-business investment companies. The agency also provides financial assistance to them. The sole function of these investment companies is to provide venture capital

FREE

Send For Information From Our Advertisers!

Circle the numbers shown in the ads

1	2	3	4	5	6	7	8	9	10	11	12
13	14	15	16	17	18	19	20	21	22	23	24
25	26	27	28	29	30	31	32	33	34	35	36
37	38	39	40	41	42	43	44	45	46	47	48
49	50	51	52	53	54	55	56	57	58	59	60
61	62	63	64	65	66	67	68	69	70	71	72
73	74	75	76	77	78	79	80	81	82	83	84
85	86	87	88	89	90	91	92	93	94	95	96
97	98	99	100	101	102	103	104	105	106	107	108

Name

Title

Company

Address

City/State/Zip

Telephone



National Bridal Service (NBS), at last year some 2,000 bridal were started, and an equal number out of business.

NBS works with approximately 65 stores across the country; half of all bridal apparel, and the rest dry stores or department stores. NBS also has bridal registries of china, silver-crystal.

65, the NBS offers a pre-opening packet that outlines capital needs and market-survey information for your area. You can reach the National Bridal Service at 3122 West Richmond, Va. 23221; (804) 355-

Offer Expires November 1, 1989

FREE INFORMATION

1-800-443-5903

CALL NOW toll free to learn more about the products and services offered by our advertisers, or fill out the attached card.

Academic Guidance Services 12

Amerisure Companies 60

D&B Lotus 1-2-3 66

Dale Carnegie & Associates 1

Executive Seminars in Sound 7

Fashion USA 3

Franchising Video 108

High Country Fashions 56

Jani-King International 14

Lindal Cedar Homes 83

MAACO Enterprises 33

Mail Boxes Etc. USA 23

Management Recruiters 59

Navistar International 100

North American Specialty

Insurance Co. 30

Swintec Corp. 51

Tillinghast 5

Toyota Motor Sales 8

US West Public Phones 61

Varco-Pruden Buildings 7

Volvo GM Heavy Truck Corp. 55

THE NATION'S BUSINESS

Where I Stand

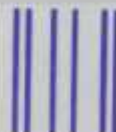
Results of this monthly poll are forwarded to top government officials in the White House and Congress.

1. Amend Wage Law For Federal Contractors?

A bill before Congress would amend the Davis-Bacon Act—the "maximum-wage" law applied to federal construction contractors. The bill would exempt from Davis-Bacon coverage those companies with contracts under \$250,000. It also would increase management flexi-

bility and decrease paperwork requirements for those with larger contracts. Supporters believe the bill would increase competition, since most small contractors now shun federal work due to Davis-Bacon's rigid requirements. Opponents charge the bill would allow unscrupulous contractors to pay less than equitable wages. Should Congress amend the Davis-Bacon Act?

Attn: Promotion & Research Dept.



NO POSTAGE
NECESSARY
IF MAILED
IN THE
UNITED STATES

Business Reply Mail

FIRST CLASS PERMIT NO. 10004 WASHINGTON, D.C.

POSTAGE WILL BE PAID BY ADDRESSEE

Nation's Business

Chamber of Commerce of the United States

P.O. Box 1200

Washington, D.C. 20077-4309



	YES	NO	UNSURE
Should some in Congress be allowed to keep excess campaign funds?	9%	89%	2%
Should the definition of campaign expenditures be narrowed?	87%	10%	3%
Should unions be allowed to use dues for partisan activities?	6%	90%	4%



Send in your vote on the inserted postpaid card. Your views on any of these questions are also welcome as letters to the Editor, Nation's Business, 1615 H Street, N.W., Washington, D.C. 20062.

Direct Line



ILLUSTRATIONS: SHARON COHEN

Toy Troves

I am very interested in opening a children's toy store. Where can I obtain more information to begin and supply this project?

C.J.W., May's Lick, Ky.

I am interested in information on opening a toy store. I need names and addresses of trade journals, organizations, suppliers, and wholesalers. Any research on the field would be helpful.

A.J., Lewiston, Idaho

The Toy Wholesalers' Association of America (TWAA), on request, will supply its list of members—fewer than 30 throughout the U.S. To find out which toys are carried by each wholesaler, contact the wholesaler directly. For the membership list, write to the TWAA at 66 East Main St., Moorestown, N.J. 08057; or call (609) 234-9155.

In addition, there are three industry publications that could be helpful for you. Their names and telephone numbers are: *Playthings*, (212) 689-4411; *Toy and Hobby World*, (212) 686-7744; and *The Play Book*, (212) 575-4510.

The Toy Manufacturers of America (TMA) hosts the largest toy fair in the country every February in New York City.

Credentialed retailers and buyers are admitted to the 10-day event, which has exhibits by about 1,100 toy companies. You may place your orders directly through the wholesalers at the fair or by mail.

In addition, there are regional toy fairs around the country. Contact the TMA for a list of the regional fairs and for more information on next year's national fair. Write to TMA, c/o Toy Fair Department, 200 Fifth Ave., Room 740, New York, N.Y. 10010.

Financial Planners

I have a small business and would like to invest some of my capital. How can I find out if financial consultants have had any complaints filed against them?

L.V., Cliffside Park, N.J.

A local consumer-affairs or business organization might know of financial consultants in your area who have been subjects of clients' complaints.

The International Association for Financial Planners offers free pamphlets such as the *Financial Planning Consumer Bill of Rights*, which outlines the dos and don'ts of the industry.

The association's *Directory of the Registry of Financial Planning Practitioners* is available for \$2.50 from the IAFP at Two Concourse Parkway, Suite 800, Atlanta, Ga. 30328; (404) 395-1605.

Greetings

Part of our company is a small graphic-arts business with a line of original, handmade greeting cards. We would like to expand production and market these cards in upscale stores nationwide, but we have no experience in wholesaling to buyers. How can we best go about tapping this market?

D.B., San Antonio, Texas



How to start a greeting-card store and how to expand into the greeting-card business are among the questions most frequently asked of Patti Brickman of the Greeting Cards Association. The GCA has several educational booklets that may help you. Brickman suggests you contact the GCA for a list of materials.

The address is 1350 New York Ave., N.W., Suite 615, Washington, D.C. 20005; the phone number is (202) 393-1778.

Answers to your questions about buying merchandise, testing your market, getting funded, and setting rates.

A Bridal-Shop-To-Be?

A colleague and I are interested in opening a bridal shop/dress salon. We would like to cater to middle- and upper-income people in California. We are recent college graduates with marketing/management degrees, and we would like to know if there is a market for this kind of business in the Los Angeles area.

T.M. and N.V., El Segundo, Calif.

You are smart to be doing your homework.

Barbara Houlgrave, vice president of the trade association for the bridal in-



dustry, National Bridal Service (NBS), said that last year some 2,000 bridal shops were started, and an equal number went out of business.

The NBS works with approximately 800 stores across the country; half of them sell bridal apparel, and the rest are jewelry stores or department stores that have bridal registries of china, silver, or crystal.

For \$65, the NBS offers a pre-opening service packet that outlines capital requirements and market-survey information for your area. You can reach the National Bridal Service at 3122 West Cary, Richmond, Va. 23221; (804) 355-6945.

U.S. Capital

I would like to know the procedure for obtaining venture capital that the U.S. government offers to start-up businesses.

A.G. Jr., Hillsdale, N.J.

The Small Business Administration (SBA) licenses and regulates small-business investment companies and minority-enterprise small-business investment companies. The agency also provides financial assistance to them. The sole function of these investment companies is to provide venture capital

MANAGING YOUR BUSINESS

Direct Line

in the form of equity financing, long-term loans, and management services to small businesses. For information on procedures for obtaining such assistance, call the SBA's Office of Finance and Investment, (202) 653-6848.

Minority Businesses

Recently, ownership of our company changed, and we are now owned by a woman. Where can we write for information on small businesses and minority-owned classifications?

D.M.D., Fairfield, N.J.

Start with the district office of the Minority Business Development Agency (MBDA) in Philadelphia. You can contact Alfonso C. Jackson at MBDA, Room 9436, W.J. Green Federal Building, Philadelphia, Pa. 19106; (215) 597-9236.



The MBDA assists minority-owned firms in the areas of management, technical matters, business development, and marketing opportunities.

The agency also acts as an information liaison with federal, state, and local governments on behalf of minority businesses.

For general information on the topic, contact the Office of Women's Business Ownership at the Small Business Administration (SBA). This arm of the SBA offers national seminars, conferences, forums, and trade missions designed to give business owners resources for support. The address is 1441 L Street, N.W., Washington, D.C. 20416; the telephone number is (202) 653-7954.

Sweats And Sweaters

I am interested in opening an outlet retail store. Where can I get supplies for this, especially sweat shirts, sweat pants, and sweaters? How would I go about contacting potential suppliers and manufacturers?

B.D., Englewood, Tenn.

If you intend to carry brand-name clothing, you must go to individual manufacturers for each brand, says Cindy Crapo, who is with the American



Apparel Contractors Association (AACA).

Before you approach a manufacturer, however, you should have a letter of credit; without credit, you will not be able to buy merchandise.

Write to the AACA for a copy of its *Sourcing Directory*, which lists manufacturers, contractors, and other suppliers to the industry. A 2-year-old directory is free; a current directory costs \$100. Contact Cindy Crapo at AACA, 2500 Wilson Blvd., Suite 301, Arlington, Va. 22201; (703) 524-1864.

Another good source for general information on the retail clothing field is Philip Kelman, an instructor at the Fashion Institute of Technology, in New York City.

Kelman conducts weekend seminars on the basics of the industry and can be reached for further information at (212) 760-7855.

What Would You Pay You?

After a 30-year career in human resources, I have elected to branch out on my own and start an independent business providing personnel-based services for companies with fewer than 200 employees.

I would offer personnel audits, training, and a broad spectrum of personnel-related services.

My question deals with how best to set my fees.

It would be easy to quote an hourly rate with a minimum for each project. However, it seems that the businesses would prefer a turnkey contract on a project.

What is the best way to arrive at a fair contract price?

M.H., Fort Smith, Ark.

"If you don't know the going rates in your area of consulting, you really

don't know where to start," says Otto Duville, chairman of your community's chapter of SCORE, the Small Business Administration's Service Corps of Retired Executives.

You can arrive at a figure based on your fixed and variable expenses and a profit, he says.

"The fair thing to do is to arrive at a price you think your time is worth. That could be \$40 to \$50 an hour or \$350 an hour."

You may contact the Fort Smith office of SCORE at 1218 N. 49th Street, Fort Smith, Ark. 72904; (501) 782-1605.

Other consultants say they do not have a preference for an hourly or project rate but work with clients in determining a fair price. Many clients have budget limits that require them to set a contract price.

It's a good idea to speak with experienced consultants in your field to find out how they set prices.

Religious Products

I am searching for wholesalers or distributors who carry a line of religious products.

D.J., Dallas

The Christian Booksellers Association, Box 200, Colorado Springs, Colo. 80901; (719) 576-7880, offers a suppliers direc-



tory priced at \$67.95.

More than 900 companies are listed and described in the directory. Individual items are listed alphabetically as well, along with the companies that supply them. **B**

Have a business-related question?

Write to: Direct Line, *Nation's Business*, 1615 H Street, N.W., Washington, D.C. 20062. Writers will be identified only by initials and city. Questions may be edited for space.

The editors of Direct Line have compiled the most-asked questions into the compact "Your Small Business Survival Guide," at \$3 a copy. To order, call (202) 463-5433 or write to Diane Lewis at the address above.

Congressional Alert

Davis-Bacon Reform



PHOTO: T. MICHAEL KEZA

The Davis-Bacon Act, enacted in 1931, requires private contractors to pay federally determined wage rates—set by the secretary of labor—on federal and federally assisted construction projects. As now administered, the law restricts competitive bidding on federal construction contracts, it unduly increases their costs, and it impedes the hiring of youth, minorities, and women in construction.

H.R. 2259, introduced by Rep. Charlie Stenholm, D-Texas, would reform the Davis-Bacon Act. The U.S. Chamber of Commerce supports H.R. 2259 because it would provide new job opportunities as well as effect significant cost savings and promote small-busi-

ness participation in federal contracting. Here, in brief, are important legislative issues along with suggestions from *Nation's Business* on what you should tell members of Congress about them. Addresses: U.S. Senate, Washington, D.C. 20510 and U.S. House of Representatives, Washington, D.C. 20515.

ness participation in federal contracting.

The bill calls for increasing the threshold amount for contracts that are covered under the act from the current \$2,000 to \$250,000. The measure also would codify the 1982 Department of Labor regulations that improve the accuracy of prevailing wage determinations, including a requirement for separate wage surveys for urban and rural areas and a requirement that minimum wage rates on Davis-Bacon projects not exceed the average rate for each worker classification.

Contact your representative and urge support for reform, rather than expansion, of the Davis-Bacon Act.

Product Liability



PHOTO: J. POLIO INC.

Product-liability legislation is expected to be introduced in the Senate by John D. Rockefeller IV, D-W.Va., and in the House by Tom Luken, D-Ohio. The legislation would establish a strict and uniform liability standard for manufacturers, define and limit the ways in which a product may be found to be defective, and establish many important limitations on liability. The legislation is designed to:

- Remove liability if a manufacturer did not know and could not have known of a defect at the time the product left the manufacturer's control;
- Create a defense against liability if the claimant was under the influence of alcohol or a drug and was more than

50 percent responsible for his harm;

- Set a standard for clear and convincing evidence for assessment of punitive damages;
- Permit separate trials for determination of liability and assessment of damages, in order to preclude the introduction of improper prejudicial evidence during the liability portion of a single trial;
- Set a 25-year limit on liability for capital goods starting when the product was first delivered;
- Establish a two-year statute of limitation for claims.

Contact your representative and senators to urge support of a uniform federal product-liability law.

Drug Testing In The Workplace



PHOTO: J. POLIO INC.

Testimony was delivered on behalf of the U.S. Chamber of Commerce and the Institute for a Drug-Free Workplace at a hearing on H.R. 33, introduced by Reps. John Dingell, D-Mich., and Thomas Bliley, R-Va. The bill would greatly affect employers' drug-testing programs. It would extend to the private sector the drug-testing rules of the National Institute on Drug Abuse. Those rules, now applied only to the public sector, set forth accreditation procedures for drug-testing laboratories and regulate elements of testing programs.

The Chamber and the Institute oppose H.R. 33 unless it is significantly

amended. The bill's standardized federal regulatory approach to drug-testing services would help to assure accuracy and fairness, but H.R. 33 also has significant drawbacks. Though the concepts are positive, the approach is too detailed and restrictive. For example, it would limit which substances a person could be tested for and would set elevated thresholds for drug detection.

Urge your representative to oppose H.R. 33 unless it is significantly amended to offer greater flexibility to employers to implement effective drug-testing and drug-abuse-prevention programs.

Editorials

Representatives who muddled the waters on their stand toward Section 89 now have an obligation to set the record straight.

There's Only One Way To Clear Up This Misunderstanding

More than 300 members of the U. S. House of Representatives have announced their support for repeal of Section 89. This controversial provision of the Internal Revenue Code was designed by Congress to prevent employers from giving preferential treatment to higher-paid employees in health and other benefits. The law's massively complex standards represent one of the most costly compliance burdens ever imposed on business. Failure to meet the anti-discrimination requirements of the section would result in severe tax penalties for employers.

The legislators who supported the Section 89 approach to benefits failed to realize, however, that employers would be hit so hard by its demands that they would turn to a third option: dropping employee health coverage rather than incur the heavy costs of compliance with the new law. Smaller firms in par-

ticular appealed for relief, and it soon became doubtful that a single member of the House would defend Section 89 in its existing form.

But a legislative effort by Section 89 opponents to move quickly to a repeal vote was defeated because enough of the 300-plus members supporting repeal rejected the opportunity to bring the matter to a prompt vote.

The plan that the House rejected had been proposed by Rep. George W. Gekas, R-Pa., who sought to attach the repeal proposal to the Dire Emergency Supplemental Appropriations bill then pending. He noted that Section 89 "carries with it its own dire emergency."

Those members who had announced support of repeal but voted against the Gekas proposal were criticized for not seizing a chance to wipe out Section 89. They argued, however, that Gekas should have adhered to traditional pro-

cedures and waited for the Ways and Means Committee, which has jurisdiction over the Section 89 issue, to make its recommendations to the full House.

The representatives adopting that position said their votes against the Gekas initiative should not be construed as a turnaround in their opposition to Section 89. These lawmakers have nevertheless incurred an even greater obligation to translate their announced support for repeal of Section 89 into an actual vote for that step.

The Section 89 bill expected from the Ways and Means Committee will not advocate repeal and is expected to propose revisions that business has already termed inadequate.

Lawmakers who opposed the earlier repeal initiative can clear up misunderstandings and make their positions clear by supporting a prompt vote in which the repeal question will be addressed head-on. They then must go on record in favor of repeal, the Ways and Means approach notwithstanding.

That is the most effective way for them to remove any questions left from the earlier skirmish.

A Salute To The Recipients Of The First "Spirit Of Enterprise" Awards

Having made the above comments, we welcome an opportunity to adopt a more positive note about a special group of senators and representatives.

They are the recipients of the first annual "Spirit of Enterprise" awards conferred by the U.S. Chamber of Commerce on members of Congress who consistently supported American business in 1988. The awards went to 31 senators and 161 representatives who achieved a pro-business rating of 70 percent or higher last year in their voting records on key business issues.

John L. Clendenin, chairman of the U.S. Chamber, said of the awards: "We appreciate the many members of Congress whose legislative skills and diligence have been instrumental in allowing our free-enterprise system to produce this record period of sustained growth."



Rep. Vin Weber, R-Minn., right, receives a "Spirit of Enterprise" award from U.S. Chamber Chairman John L. Clendenin.

Chamber President Richard L. Leshner commented: "These outstanding members of Congress understand just how critical the success of business is to the well-being of this nation. Such outspoken and articulate champions of free enterprise are needed now more than ever before."

The list of award recipients can be a handy guide to business people who want to know where their senators and representatives stand on support of the enterprise system.

Ask your members of Congress whether they received a "Spirit of Enterprise" award for their 1988 legislative records.

If they did, congratulate them. If they did not, why not? And what are they doing to earn the award for this year?

If enough business people ask those questions, the awards can serve not only as recognition of past accomplishments of recipients but also as a way of making nonrecipients—and their constituents—aware of the shortcomings in their voting records. **16**

TOYOTA TRUCKS

Utility Player.

Toyota's all-new 4x2 Standard Bed Deluxe for 1989 handles whatever job you throw at it. From hauling a standard payload of 1640 lbs.* to towing up to 3500 lbs.** this truck has what it takes to take the field. Its redesigned roomier body and double-wall bed give you more truck to work with. And when you add Toyota's heritage of long-standing dependability, you can be sure it'll be on the job earning its keep, not keeping your earnings.

Put the 1989 Toyota 4x2 Deluxe on your roster. No matter the position, you've got a winner.

Toyota's 36-mo./36,000-mi. Limited Warranty

You're covered with Toyota's 36-mo./36,000-mile basic new vehicle limited warranty.† No deductible, no transfer fee, and a 5-yr./unlimited-mileage warranty on corrosion perforation. See your Toyota dealer for details.

TOYOTA QUALITY WHO COULD ASK FOR ANYTHING MORE!

Circle No. 8 on Reader Service Card.



Get More From Life... Buckle Up!

*Including occupants, equipment and cargo.

**With manual transmission, not to exceed GCWR of 6500 lbs.

†Requires additional 3500-lb. weight-carrying frame-mounted Class II tow hitch.

‡Excludes normal wear and maintenance items.

© 1988 Toyota Motor Sales, U.S.A., Inc.

Call 1-800-GO-TOYOTA for more information and nearest dealer location.

Do You Believe In Magic?



At Swintec we do. In fact, each of our 7040 Electronic Typewriters has a little bit of "magic" in it.

From the advanced features and the responsive keyboard, to the affordable price and the streamlined design—these "magical touches" make the 7040 a typewriter to believe in.

The 7040 comes with a variety of "magical features," like an adjustable, 40 character liquid crystal display, a 16,000 character memory capacity, a host of text editing capabilities and 500 characters of correction memory.

What's more, each carefully sculptured key on the 7040 has a comfortable, responsive feel unlike any other on the market. We like to call this

unique, keyboard action, "MAGIC TOUCH."

So, when you want "magic" at your fingertips—turn to Swintec's 7040.

The Swintec 7040 "A Typewriter To Believe In"

Consult your yellow pages for an authorized Swintec dealer near you or call 1-800-225-0867.

"NOTHING FEELS AS GOOD AS A SWINTEC"

Swintec
CORPORATION

©1989 Swintec Corporation, P.O. Box 356, Moonachie, NJ 07074
Circle No. 51 on Reader Service Card.